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NEWS SUMMARY

GENERAL

Death threat in Ankara siege
Turkish marksmen last night took up positions behind armoured cars opposite the Egyptian Embassy in Ankara...

BUSINESS

Equities off 3.2; Gilts easier
EQUITIES eased on inflation fears aroused by June's retail price index...

Revenue search
The home of Mr Tam Beynon, the new Tory MP for Abingdon, was searched by Inland Revenue officials under warrants taken out because of suspected tax fraud.

Abortion vote
Mrs Thatcher, the Prime Minister, was among those who voted for a Private Member's Bill designed to prevent abortions under the abortion law...

BSC 'misjudged'
The BBC's director-general Ian Trethowan said last night that the corporation had 'clearly misjudged' the emotional impact of its controversial transmission of the terrorist's claim to have assassinated Tory MP Airey Neave.

Rome killing
The Red Brigades terrorist group intensified its campaign of violence when gunmen assassinated a senior officer in the para-military Carabinieri police in the centre of Rome.

LV statement
With the Government encouraging companies to move away from providing perks for their employees it would be wrong to increase the value of luncheon vouchers.

More executions
Six men were executed in Tehran on charges that included the setting up of brothels and illicit gambling dens.

Britain leads
Great Britain took a 2-0 lead in the Davis Cup match against Spain at Eastbourne.

India struggling
At the close of play on the second day of the Cornhill Test at Edgbaston, Birmingham, India had lost two wickets for 59 runs in reply to England's 632 for five declared.

Briefly...
Prince Andrew will say goodbye to his schoolfriends on Monday when he leaves Gordonstoun after a six-year stay.

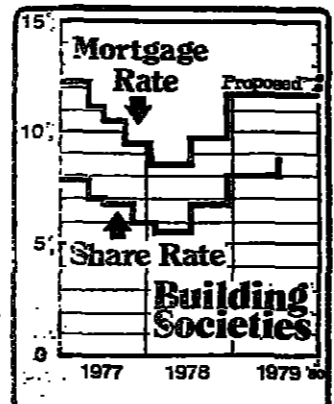
COMPANIES
MANNESMANN, the West German steel and engineering group, has made a \$245m (£110m) agreed bid for Har-nischlager Corporation...

Table with 2 columns: Item and Price Change. Includes sections for RISES and FALLS.

Home loan relief for Ministers—but inflation likely to increase

Building societies delay record 12 1/2% rate until January

BY MICHAEL CASSELL
The building societies yesterday announced a record 12 1/2 per cent mortgage rate, but recommended that it should not take effect until January.

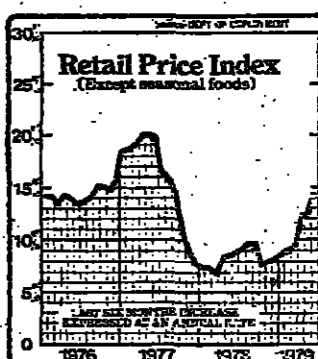


New tap aimed at top taxpayers

By Peter Riddell, Economics Correspondent
A NEW £1bn gilt-edged stock aimed at higher-rate taxpayers is to be issued next week by the Bank of England.

Price rises climbing towards 15%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT
THE INFLATION rate has accelerated in the last few months, largely as a result of higher oil and food prices.



U.S. lifts grounding order on all DC-10 aircraft

BY DAVID BUCHAN IN WASHINGTON
THE U.S. Federal Aviation Administration has lifted its five week grounding order on the 133 DC-10 aircraft registered in the U.S.

Mrs Thatcher in Rhodesia talks

BY RICHARD EVANS AND DAVID TONGE
KEY ELEMENTS in any future British plan to return Rhodesia to legality were discussed in talks yesterday between Mrs Margaret Thatcher and Bishop Abel Muzorewa.

£ in New York
Spot 163.2250-2500/2500/2500-2520
1 month 0.55-0.60 dis 0.75-0.78 dis
3 months 1.00-1.05 dis 1.25-1.28 dis
12 months 4.97-4.87 dis 4.55-4.65 dis

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Advertising: crest of the wave... 17

The SAA Flying Hotel Eight flights a week to South Africa. NOW 3 NON-STOP EVERY WEEK. The fastest way to South Africa.

OVERSEAS NEWS

Carter consults the people over energy proposals

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER has added an extraordinary populist twist to his final preparations for his Sunday night address to the nation on energy and economic policy.

Tax break for oil companies

BY DAVID LASCELLES IN NEW YORK

INDEPENDENT OIL producers, who account for about 30 per cent of U.S. oil production, may be granted a partial break from the windfall profits tax being sought by President Carter.

\$1.18m damages in Jaguar case

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A LOS ANGELES Superior Court jury awarded damages totalling \$1.18m against Jaguar Rover Triumph Inc., the BL subsidiary, to the family of a man who died when his Jaguar XJ6 was involved in a collision five years ago.

Eanes to dissolve Portuguese Parliament

By Our Lisbon Correspondent

PRESIDENT Antonio Ramalho Eanes, of Portugal, met the country's military watchdog body, the Revolutionary Council, yesterday and issued a statement recommending the dissolution of Parliament and early elections.

Red Brigades kill police chief

BY RUPERT CORNWELL IN ROME

THE OUTBREAK of violence in Italy intensified yesterday as a Red Brigades commando group ambushed and assassinated a senior officer of the paramilitary Carabinieri police in the centre of Rome.

Col. Antonio Varisco, 52, Commandant of the police detachment at the Rome Central Courts, was attacked as he was driving along the Tiber embankment from his home.

Interest rate moves worry U.S.

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

RECENT MOVES in Europe to ward more restrictive monetary policies were greeted with undisguised concern yesterday by a senior official of the Carter Administration, who expressed fears that they could lead to new exchange rate instability and dampen economic growth.

Gloomy outlook for French jobs

BY TERRY DODSWORTH IN PARIS

THE FRENCH employment market has been given only a marginal stimulation by the normal seasonal demand expected in summer, according to the latest monthly figures from INSEE, the national statistical office.

Clash over W. German fuel prices

By Roger Boyes in Bonn

DEUTSCHE BP has decided to raise the price of petrol and heating oil again—and has immediately provoked sharp criticism from leading West German trade unionists and consumer rights activists.

Both Herr Eugen Loderer, chairman of the powerful IG Metall union and Herr Thomas Schlier, of the German Consumers' Association, have accused Deutsche BP of profiteering unduly from the oil crisis, of eroding consumer's incomes and of "creating social discontent."

Belgrade price up

THE Yugoslav Government yesterday announced a 35 per cent rise in petrol prices, bringing the cost of four-star to 27.150 a litre, or about £1.40 a gallon.

Pauline Jackson in Tehran reports on discontent among Iranian Arabs. A threat to the pipelines

THE Government of Iran appears to be making no effort to come to grips with the Arab problem in the South which is now threatening the nation's vital oil industry.



Production unit at Caehsaran oilfield in southern Iran.

But Rear Admiral Ahmad Madani, the Governor-General of Khuzestan—who is also head of the navy—continued with the disarmament of the Arabs, while allowing the Persian revolutionary guards to keep their arms.

Gunmen shoot protesters

ABADAN: Gunmen opened fire from rooftops on a peaceful protest march in this Iranian Gulf city yesterday, wounding three Arab demonstrators.

The protesters were self-rule for Khuzestan province approached a central square. Three demonstrators fell wounded, one with a bullet in the leg, another hit in the arm and the third hit with a glancing blow to the head.

On May 30, now known by the Arabs as "Black Wednesday," an estimated 80 Arabs were killed.

explosion and the rupture of the Abadan refinery line which was also carrying crude for the Abadan refinery. Oil men have cast doubts upon these statements. They say that production had not been 550,000 b/d for some time and was nearer to 430,000 b/d in recent weeks.

BUDGET 1979 - NEW DIRECTIONS FOR THE BRITISH ECONOMY. Conference at Dorchester Hotel, London, 23 & 24 July, 1979. Includes list of speakers and contact information for The Financial Times Limited.

UNIT TRUST AND INSURANCE OFFERS. Table listing various financial services and their providers, including M & G Group Limited, Sava and Prosper Group Limited, and others.

UK NEWS

Lloyd's in discipline move on £10.6m loss

BY JOHN MOORE

LLOYD'S HAS invoked rarely used legislative powers to discipline parties involved in the... Under the Lloyd's Acts any member of Lloyd's who has been guilty of any act or default which is discreditable can be suspended or expelled from Lloyd's.

market procedures in the Sasse affair when it failed to gain Lloyd's approval of a major producer in the U.S. of fire insurance business for the Sasse syndicate, which led to £8m of the losses.

Delay to new Bill may prolong Price Commission's life

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT may be forced to appoint a "shadow" Price Commission at the end of this month because of the delay in its legislation to scrap the Commission becoming law.

The Government's Competition Bill, which was published on Thursday, is intended to abolish the Commission by repealing both the 1973 Competition Act and the 1977 Price Commission Act.

Savers hit by strike to share £2m award

By Emma Fingleton

SAVERS who suffered as a result of a computer strike at the National Savings Department earlier this year are to get more than £2m in compensation, Mr. Nigel Lawson, Financial Secretary to the Treasury, announced yesterday.

Fall in industrial output indicated

BY DAVID FREUD

MANUFACTURING output appears to be running below the level of last summer, in spite of the recovery from the bad weather and industrial disruption of the winter.

Table with 3 columns: Year, Month, Index Value. Shows industrial production index for 1977 and 1978.

there is likely to have been some bunching in these months after the winter. The official figures are particularly unreliable now because of the effects of the Civil Servants' dispute.

Ladbroke licensing case 'sets standard'

BY JAMES BARTHOLOMEW

THE CASINO division of the LADBROKE Group had done things to which the justices could never possibly give their seal of approval, counsel for the Playboy Club told South Westminster licensing magistrates in London yesterday.

Royal lifts premiums by 11%

By Colleen Toomey

ROYAL INSURANCE is raising premiums for the 500,000 motorists it covers. The average 11 per cent increase, effective from October 1, is the second increase announced this year and comes a day after the increase in premiums by General Accident, the UK's largest motor insurer.

Agreement reached over education cuts

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT yesterday gained the agreement of the Council for Local Education Authorities that the education service must take its share of the economies in public spending.

Later, Mr. Carlisle told the delegates that the curbs on public-service recruitment did not extend to depriving schools of replacements for any essential staff who had left.

Computer men win £500 prize

THE 500 FIRST prize in the National Management Plate competition was won in London last night by two experts in computer software from ICI.

The winners are Dr. Jonathan Smithers, a mathematician, and Mr. John Liles, a chemical engineer.

Garnock Valley plan to create 800 jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A PLAN to create 800 jobs in the Garnock Valley, Ayrshire, was announced yesterday by the Scottish Development Agency and British Steel (Industry).

had been let and construction work started on others. The aim was to create half the 800 jobs needed in the next two years.

Air traffic troubles add to holiday headaches

BY ARTHUR SANDLES

EUROPEAN perennial crop of tourist troubles is coming into full flood again as the summer season gets underway. Air traffic troubles and overcrowded airports are causing delays, and in Greece there are reports of serious problems through hotel over-booking.

Fuel plan wins pilot £5,000

A CONCORDE co-pilot, Mr. William Lowe, has won British Airways' biggest award under its staff suggestions scheme, £5,000, for devising a method of saving up to 1m kilograms of fuel a year.

No redundancy aid for private shipbuilders

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT has decided not to extend the shipbuilding redundancy payments scheme to private sector shipbuilders, Mr. Adam Butler, Industry Minister, announced yesterday.

Under the scheme, workers made redundant by British Shipbuilders are entitled to lump sum payments of up to £10,400.

Health Service contracts

SHORT-TERM contracts for 46 Area Health Authority chairmen were announced yesterday by Mr. Patrick Jenkin, Social Services Secretary.

The move is in preparation for the Government's response to the report from the Royal Commission on the Health Service, due to be published next week.

GLC makes mid-term assessment

THE Conservative-controlled Greater London Council yesterday published a mid-term assessment of the administration's work.

The 35-page document, which goes before the council's policy and resources committee next week, deals with five main objectives set by Mr. Horace Cutler, council leader, when he took office two years ago.

State industries lose £1.9bn

THE ACCUMULATED losses of nationalised industries total £1.9bn Mr. John Biffen, Chief Secretary to the Treasury, disclosed in a Commons written reply yesterday.

This exceeds 1978 to 1979 results for some industries which have not yet been announced, he said.

DC-10s CAN FLY IN U.S. AGAIN

BY MICHAEL DONNE

NOW THAT THE U.S.-registered DC-10 jet airliners are to be allowed to fly again, and foreign-registered DC-10s allowed once more into the U.S., the world's airlines are likely to be relieved by a slight of hand before getting down to counting the cost of one of the most serious setbacks ever in civil aviation.

Lady Plowden to stay

MR. WILLIAM WHITELAW, Home Secretary, has given himself more time to find a new chairman for the Independent Broadcasting Authority with the re-appointment of Lady Plowden, aged 69, until the end of next year.

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Jobs boost

NORTHAMPTON Development Corporation is to build the fifth employment area in the town in nine years to cope with the demand for factories and warehouses. Work on the 42-acre site should start later this year.

said so. That is Alitalia, which wants six more jets. But other airline chiefs, such as Mr. Roman Cruz, president of Philippine Airlines and this year's president of the International Air Transport Association, have made clear that they will go ahead with plans for more DC-10s, expressing full confidence in the aircraft.

much more difficult to calculate. They still seem likely to be substantial. In the UK, Mr. Adam Thomson, chairman of British Air Ferries, says he expects a dip of some £3m in profits for this financial year as a direct result of the DC-10 affair.

THE ORIENTAL CARPET SPECIALISTS. The UK's biggest selection of handmade carpets and rugs - all at discount prices. HUGE SUMMER SALE. Includes list of various carpet types and prices.

UK NEWS

BP leads with new N. Sea crude prices

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM, the biggest single North Sea oil producer, has taken the lead in setting higher prices for North sea crudes in the third quarter.

It has fixed the price of its Forties Field production at \$23.20 a barrel (a barrel contains 35 gallons), the fourth increase this year.

The new price is near to the upper limit of \$23.50 a barrel established by the Organisation of Petroleum Exporting Countries at its last meeting in Geneva.

North Sea prices traditionally follow closely the price levels set by the main African members of OPEC — Libya, Algeria and Nigeria — which produce a similar high quality, light, low sulphur crude oil. They are all charging close to the maximum allowed by OPEC.

The price for crude oil from the Ekofisk field in the Norwegian sector of the North Sea, the other major field in production, has not yet been finally established, but it is expected to reach \$23.50 a barrel.

The new prices were effective from July 1.

The major prices which remain to be settled are for crude produced from a number of smaller North Sea fields, where the oil is loaded directly into tankers at the fields rather than being brought ashore by pipeline.

Normally, these prices would be 10-20 cents above North African levels, because the oil is sold on a delivered basis avoiding tanker charter fees.

North Sea producers are wary, however, of setting any prices above the maximum level of \$23.50 established by OPEC, for fear of providing a pretext for some of the more hawkish OPEC members to trigger off another round of price increases.

The price of Forties crude has risen nearly 66 per cent since the beginning of the year, and the latest increase has added another \$2.50 a barrel on top of the June price. Forties is producing about 500,000 barrels a day, accounting for nearly one-third of UK output. More than 60 per cent of EP's production is exported.

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Italian petrol concessions

THE PRICE of super grade petrol in Italy is £1.27 a gallon (£500 per litre), but UK tourists may buy concessionary coupons in this country to obtain petrol at £1.07 a gallon.

Due to a misunderstanding over the working of the concessionary system, last Saturday's Financial Times quoted an independent survey which gave

a price of 89p per gallon for petrol in Italy.

The concessionary rate for tourists has been fixed by the Italian Government at £1.07 for more than two years, and is therefore not affected by the sharp alterations in exchange rate values between the lire and the pound.

NEWS ANALYSIS — COFFEE PRICES

A frosty disagreement

BY JOHN EDWARDS, COMMODITIES EDITOR

NESTLÉ, announcing this week a 10 per cent rise in its coffee prices from August 1, was careful to point out that the increase was not due to the recent frost in Brazil, the world's biggest coffee producer. It said it reflected the rise in coffee bean prices in the world market during the first five months of the year. That was before the early Brazilian frost further raised the cost of beans.

The implication is that there could well be a further rise in coffee prices later this year if the world market remains at its present level.

On the other hand General Foods, producer of the other leading brand, Maxwell House, attributed its similar increase in price mainly to the June frost in Brazil, which drove up the cost of beans.

Both companies are somewhat vague about how long it takes for the increased cost of beans to raise the price of coffee in the shops. It does vary according to how far forward the roasters have bought beans and the size of their stocks when there is a change in world market values.

One roaster may decide to buy heavily in the expectation of higher prices, while another may have bought sparingly in the hope that market prices will fall. It is a matter of judgment which can cost roasters dear if they guess wrongly, since for competitive reasons they cannot put their selling price above that of their rivals.

Both companies agree that the cost of coffee beans is by far the most important element in deciding the price of the final product. It is estimated that the beans used by roasters account for over 70 per cent of

the total price. But the recent increases also take account of the higher cost of energy required for roasting as well as distribution and packaging. The companies say that they have already absorbed the cost of metrification, which came into force on July 1. But the rise in the cost of beans finally forced them to raise prices. When metrification came in the companies were careful to cut prices, by 11.8 per cent, to match exactly the reduction in weight to 100 gram jars so that housewives would not accuse them of cashing in.

Futures

Coffee bean prices have risen substantially this year. On the London futures market they started the year at about £1,300 a tonne, after having fallen steadily from the peak of more than £4,000 reached early in 1977. They rose to nearly £1,600 in mid-May and shot up to more than £2,000 early in June, when an exceptionally early frost in Brazil caused limited damage to the forthcoming crop.

Values have subsequently come down to below £1,900 as a result of profit-taking sales. But the market remains extremely nervous since July in Brazil is normally the most dangerous frost period, the middle of the winter.

Almost exactly four years ago, in July, 1975, frost crippled the main coffee-growing area in Brazil in the state of Parana. During the following two years the resultant shortage of supplies caused the market price to rise from \$400 to \$4,000 a tonne.

A bad frost this year could have an equally dramatic impact, since the surplus stocks

held by Brazil are far lower than they were in 1975. A worrying feature this year was that the early frost in June affected the state of Minas Gerais, where new coffee planting was shifted in an effort to avoid the frosts that have traditionally affected Parana. Yesterday there were new warnings of possible frost. But the market has become somewhat inured to these scares and prices moved lower rather than higher.

If there is no more frost damage one might expect prices to move lower again since there will then be more than adequate supplies available in the world. But this does not necessarily follow. Coffee-producing countries have kept prices higher than they would have been by buying up surplus supplies, much to the fury of the U.S. Government. They have threatened to continue to do so unless consumers promise to help in stabilising market prices at a "reasonable" level.

Bearing in mind general inflation it seems unlikely that coffee prices will come down again even if the cost of beans falls in the winter. Roasters were forced to cut prices after the huge drop in consumption during the time of soaring prices and shortages in 1976 and 1977. But demand has picked up remarkably and Nestlé are forecasting that sales this year will beat all previous records, even allowing for the rise in prices.

The latest rise of 8p for a 100 gram jar of instant coffee will lift the price of a cup by 0.10p to 1.65p. This compares with the all-time peak of 3p a cup reached in 1977. A cup of tea is only half the price.

CEGB may limit coal imports to 3m tonnes

BY JOHN LLOYD

THE CENTRAL Electricity Generating Board is likely to limit its controversial coal imports to 3m tonnes this year — although its buffer stocks of oil and coal are low, and it is vulnerable to prolonged industrial action by miners and transport workers.

The CEGB and, latterly, the National Coal Board, have expressed concern that the target of 75m tonnes which the NCB has agreed to supply to power stations this year may be beyond its capacity.

In the current issue of "Coal News", the NCB newspaper, the area marketing manager of the high-output South Midlands area says that a shortfall in output could reduce the NCB's ability to meet the target. Output from the area's mines, many of which have suffered from severe geological faulting in past months, is down 200,000 tonnes on last year, while stocks are low.

The situation elsewhere in the UK, where NCB stocks are relatively higher, is exacerbated by difficulties in moving coal to power stations, where stocks are depressed. British Rail has made strenuous efforts to improve its coal handling, but with apparently sporadic success.

However, the CEGB appears willing to accept that any shortfall in output will be made good by drawing from stocks, with imports rising less than

2m tonnes over last year's levels.

This acceptance is partly due to a desire not to sour relations with the Government, which have been much improved recently. The Government's speeding-up of the nuclear programme, and its acceptance of the need for increased coal imports, has attracted the approval of the CEGB.

The question of whether the coal imports will be purchased under long-term contracts or on the spot markets, however, remains in dispute between the CEGB on the one hand, and the Government and the NCB on the other.

The CEGB would prefer long-term contracts, arguing that they would be cheaper and more certain. The NCB is against such contracts because it fears they might depress domestic demand in future years, and that they will create tensions in the National Union of Mine-workers.

The matter was discussed at the meeting of the Coal Tripartite Committee on Thursday, when Sir Derek Ezra, the NCB chairman, pressed his view that any imports should be purchased on the spot market, and that long-term contracts were unlikely to be significantly cheaper, if at all, as world coal prices begin to rise in line with the oil price increases. It is thought that the Government largely agrees with Sir Derek's views.

LABOUR

Midland deal brings bank's pay dispute near settlement

BY NICK GARNETT, LABOUR STAFF

THE PAY dispute in the English clearing banks appeared close to settlement yesterday after a breakthrough in mediation talks for clerical and computer staff at the Midland Bank.

New proposals, which the bank's two unions said would add about 19-20 per cent to the salary bill when already agreed fringe benefit improvements were taken into account, were accepted by the bank and the unions. The deal would run for nine months.

Acceptance by negotiators from the Banking, Insurance and Finance Union and the Association of Scientific, Technical and Managerial Staffs is subject to a membership ballot. Mr. Hedley Woods, banking industrial action officer, said the deal would be imposed at the other four clearing banks unless they matched any Midland deal. The other banks, which have been making computer pay offers, are almost certain to follow the lead taken by the Midland.

The banking union will ballot only its computer staff members who imposed 24 and 32-hour strikes earlier this week but ASTMS intends balloting its

total bank membership. Meanwhile, industrial action which shut down Midland's five main computer centres is being suspended.

The proposals made by Professor John Wilson, of the Law Faculty, Southampton University involve an increase of 15 per cent new money on all individual salaries. The last Midland offer was 12.5 per cent, weighted towards higher grades.

The full 5 per cent productivity payment would not now be consolidated. Instead 2 per cent would be paid as a bonus, which would be worked out as a percentage of the new salary scales. It is likely to be included in December.

The effect of applying the bonus to new rather than old salary scales is worth a further 0.4 per cent. Salaries would be increased uniformly by 17.4 per cent.

An offer from all the clearing banks on fringe benefits has been virtually agreed by the industry's staff bodies. This includes two extra days holiday from August and a special London supplement of £50 to £200

Public service pay team holds last meeting

By Alan Pike, Labour Correspondent

MEMBERS OF Professor Hugh Clegg's Comparability Commission held their last formal meeting yesterday before preparing their report on public services pay. This will reach the Prime Minister by the end of the month.

Local authority and health service union leaders spent about three hours with Professor Clegg and his colleagues discussing aspects of evidence which they have presented. But they received no indication of what the report — which will cover local authority, health service and university manual workers and ambulance-men — will contain.

A statement issued after the meeting said that it was part of a series of discussions with both management and unions. This process of consultation was quite distinct from the formulation of recommendations, which was a matter for the Commission.

The Commission's comparability study was part of the terms which settled last winter's disputes by public services manual workers. Under the settlement 50 per cent of any comparability award is due for payment from next month, and the remainder from April, 1980.

At the Transport and General Workers' Union conference earlier this week Mr. Mick Martin, public services national secretary, warned that further industrial action was possible if the Government did not honour the award.

Navy denies health risk

The Defence Ministry yesterday denied that sea sickness was jeopardising health and safety by loading the Polaris nuclear submarine HMS Resolution after a strike by Civil Service supervisors.

Members of the Institution of Professional Civil Servants at the Couplart base on the Clyde cut power to the submarine after 12 Royal Navy staff started loading. The union said this was increasing the normal risk to an unacceptable level.

The Ministry said that using the navy to prepare the submarine did not increase the risk.

Caterers on North Sea rigs threaten strike

FINANCIAL TIMES REPORTER

THE THREAT of disruption to North Sea oilfield activity loomed yesterday, after the rejection of an employers' offer covering nearly 700 offshore catering workers.

The two unions involved which have organised catering workers in the British sector, the Transport and General Workers and the National Union of Seamen, have said that unless a settlement is reached by the end of the month industrial action will begin on up to 40 installations.

Yesterday Mr. Harry Bygate, a National Union of Seamen official in Aberdeen, said: "We have cut our original claim by 50 per cent, but the employers still have not met it and the men are very bitter. The unions had originally submitted a much-publicised

claim of £14,000 a year for an offshore steward, but halved it at the first negotiating session last month.

The present claim of \$600 for a full trip, two weeks offshore and two weeks onshore, was met by an employers' counter-offer of £415. Shop stewards met in Aberdeen on Wednesday.

Mr. Bygate said: "The men offshore endorsed the rejection and the meeting decided they were prepared to meet the employers up to July 27. If by then there is no agreed settlement, we would initiate industrial action."

The men are employed by the four largest catering concerns operating on the North Sea installations. Any withdrawal of their labour would immediately affect offshore activity, particularly construction work.

How your mortgage will be affected

THIS TABLE provides an indication of the impact on mortgage repayments if the new interest rate structure recommended yesterday by the Building Societies Association takes effect in the New Year. The mortgage rate has changed ten times since the start of 1975, while the minimum lending rate has changed 56 times over the same period.

EFFECTS OF PROPOSED MORTGAGE INTEREST RATE CHANGE FROM 11 1/2% TO 12 1/2%

Years	Monthly payment (per £1,000)		Increased Term Years Months
	Present	New	
20	10.99	11.51	25
25	10.45	11.00	48 9
30	10.16	10.74	Infinity

EXAMPLES

MONTHLY REPAYMENTS (BEFORE TAX RELIEF) ON 25-YEAR LOAN	11 1/2%		12 1/2%	
	£	£	£	£
£6,000 (average existing loan)	62.70	66.00		
£12,000 (typical new loan)	125.40	132.00		
£18,000	188.10	198.00		

Indian Ocean sanctuary may save 1,500 whales

FINANCIAL TIMES REPORTER

THE International Whaling Commission yesterday voted to ban whaling in the Indian Ocean. The vote of 16 to three will probably save about 1,500 whales. The three votes against came from Japan, the Soviet Union and South Korea.

The decision to make the Indian Ocean a sanctuary followed the original U.S. proposal for a worldwide ban on commercial whaling.

But the IWC at its London meeting changed this to a partial moratorium on high seas whaling by factory-ships, except for the minke species. This allows Japan and others to

continue its minke hunting. Dr. Lee Talbot, director of conservation for the World Wildlife Fund International, said that the Indian Ocean sanctuary was a major accomplishment.

"At present," he said, "there is no major ocean where whales are not hunted. We now have a reference point, a clear way of studying the effects of non-whaling."

Dr. Talbot said of the 31st annual meeting of the IWC: "It has been a turning point. There has been a recognition by the whaling commissioners that the scientific base is totally inadequate to assure safe quotas."

GLC picks Dockland road route in spite of protests

BY COLIN AMERY

THE FINAL route for the Dockland Northern Relief Road has been decided by the Greater London Council, against the wishes of the majority of local residents.

After delaying the £39m road for more than a year to allow public consultation, the GLC has opted for a route supported by only 19 per cent of local residents.

More than 56 per cent polled in the planning participation exercise preferred an alternative route. The planners' route will, according to a local pressure group, destroy 235 more homes

than other routes and cause more damage to historic buildings. The road will be four lanes wide and run for two miles from Cannon Town Sver to Commercial Road at Limehouse basin.

To reduce noise levels in the residential area close to Limehouse the road will be built underground with landscaped play areas on top. Construction will start in 1983.

Agreement has already been given in principle for the five-and-a-half mile Southern Relief Road that will run from Bermondsey to Woolwich.

Londis group cuts off too-independent grocers

MOVES TO strengthen the position of small independent grocers who are losing ground to the major supermarket multiples are planned by the voluntary Londis group of more than 1,400 small grocers. Londis, which has a turnover of £130m a year, is terminating the membership of grocers who do not fully support the group's

wholesaling facilities but buy wholesale from Londis only when special cut-price trade offers are mounted. Londis says that since it is entirely retailer owned, unlike other voluntary groups of grocers who are dominated by large wholesalers, it offers grocery trade prices lower than other wholesalers.

Times talks to continue next week

By Our Labour Correspondent

PRINT UNION general secretaries will meet Times Newspapers management next week to continue talks on a formula which could lead to republication of the company's titles after more than seven months.

The union leaders met yesterday and decided to seek a meeting with the company which is likely to take place early next week.

The Economist failed to appear on time yesterday because of a dispute over manning issues with the National Graphical Association at its Brentford, London, printing works. A return to work took place late yesterday afternoon after talks and efforts were being made to produce this week's issue.

Postal regrading talks begin

By Nick Garnett, Labour Staff

PAY AND productivity talks, which will centre on regrading proposals, were begun yesterday for the majority of the Union of Post Office Workers telecommunications members.

The talks, which will be reconvened next week, will focus on how the union's telephonists, telegraphists and coast radio officers will be assimilated into a new grading structure which the Post Office has been negotiating with its telecommunications unions.

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THE WEEK IN THE MARKETS

Credit pressures squeeze shares

Unlike the Building Societies, the stock market does not possess a facility for deferring bad news. The last week has been a miserable one with equities slipping to the lower end of their recent trading range and all-quoted giving up the bulk of the previous week's gains.

The argument raging ten days ago between those who thought the Bank of England would bring Minimum Lending Rates down very soon and those who believed the Bank would wait for evidence that the credit squeeze was choking off loan demand has been won by the pessimists. The June banking figures on Tuesday came as a reminder of how strong credit demand has recently been. Wholesale and

retail price figures confirmed the existence of strong inflationary pressures. European interest rates have been rising. The prospect of tight credit conditions for some time has been pleasant for the other section of the market, and the booming of distant rations has begun to signal a new wage floor. Yesterday equities were drifting lower and there was hardly a cheap buyer in sight.

A semitone flatter The new emerging EMU over the last six months has been so bad that some sort of drastic action has begun to seem inevitable. The group's medical, electronics and the home scanner, that including the development of a scanner for the group's resources, and now the music business, EMU's backbone, is losing money. This is partly the result of a worldwide recession in the record business, but EMU's reluctance to pay the prices demanded by the most successful recording firms has certainly contributed to its difficulties.

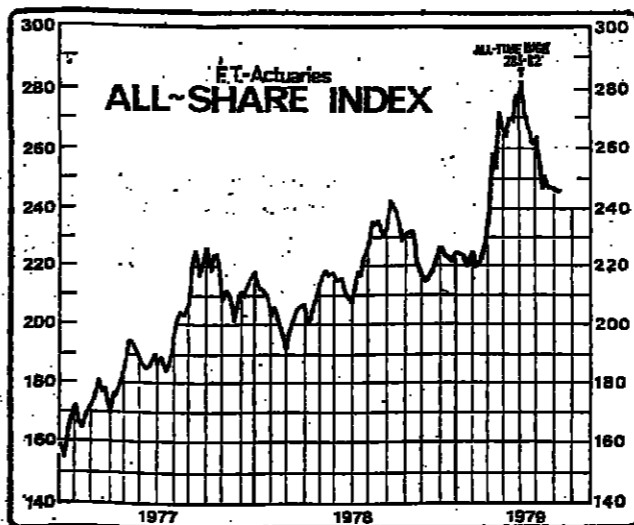
December, 1978, and since then U.S. popular music repertoire that EMI needs so badly. The deal gives Paramount the chance of exploiting its own music—its lack of a record company has lost it a lot of money recently, as it has had the mortification of seeing the musical profits from "Grease" and "Saturday Night Fever" go elsewhere.

LONDON ONLOOKER

The stock market's initial reaction to the deal was one of grateful relief that EMI looked at last to be getting to grips with its problems, and the shares rose by 10 per cent to 117p or so. But later in the week attention was concentrated on the scale of EMI's underlying difficulties—brought home so forcibly by the planned sale of half the group's principal division—and the price slipped back to around 100p.

Cartier's jewel

As EMI was selling major assets to bolster a wobbly balance-sheet, Tesco was showing how it is possible to spend heavily without undue strain on its cash resources. The deal in which Cartier Superfoods was acquired for



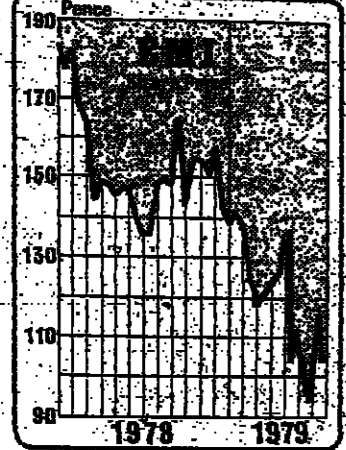
NEW YORK JOHN WYLES

VERY LARGE, this week has been Carter's market and the movement of share prices has held something of a mirror to Americans' attitudes to their President. Adlai Stevenson's observation that "in America any boy may become President and I suppose it's one of the risks he takes" is too subtle in its appreciation of the difficulties of the office to be shared by the world at large.

Rather the assumption is that if a man wants to become President badly enough to endure the lunacies of running for office, then once he is in the White House he should demonstrate qualities of leadership and decision in attacking clear and evident problems. Wall Street has always doubted whether Mr. Carter could "cut it" as President but its inhabitants are no less awed by the Presidency than their fellow citizens and no less seized of the desire to extend as much good will as can be mustered to the recipient of what has become one of the most bone-sapping experiences any human must endure.

At the same time, however, Wall Street has become increasingly convinced that the Administration is essentially weak and disposed to fall in its attempts to mend an economy riddled with inflation and to chart an energy policy which will take OPEC's hands off the U.S. throat. In other words Wall Street might say of Mr. Carter that "he was totally used to failure and did not easily resign himself to a change of regime."

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MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Ind. Ord. Index, Price Y/day, Change on Week, 1979 High, 1979 Low, and a brief description of the market event.

U.K. INDICES

Table with columns: Average week to, July 13, July 6, June 29, and a brief description of the index.

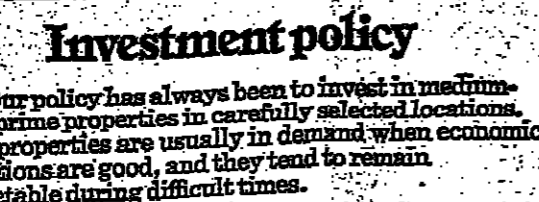
Why investment conditions favour the Save & Prosper Property Fund

With rents continuing to rise, capital values of commercial and industrial properties have been moving ahead. Rental growth has been particularly marked in shop premises—in some cases up by 30%—where increased spending has led to buoyant conditions. Rents of prime commercial properties in the City of London have also increased significantly.

Given greater economic and political stability in the months ahead the outlook for further rental growth in these and other sectors of the property market is strongly enhanced. This should be of particular benefit to the Save & Prosper Property Fund which has 45% of its assets in prime shop properties and a further 29% in offices, including substantial commitments in the City of London. Over the next three years 83 of the 60 properties held have rent reviews and this should lead to substantial increases in the income of the Fund.

Rental growth has also reinforced demand from insurance companies and pension funds for prime commercial and industrial property. Many investment managers are pursuing a policy of building up their property holdings to 20-30% of their assets, a figure that many private investors might also consider appropriate for their own investment holdings.

With institutional demand also likely to remain strong, we believe that the Save & Prosper Property Fund currently offers an attractive investment opportunity.



Investment policy Our policy has always been to invest in medium-sized prime properties in carefully selected locations. Such properties are usually in demand when economic conditions are good, and they tend to remain marketable during difficult times.

ANALYSIS OF FUND BY TYPE OF PROPERTY. Table showing percentages for Shops (23%), Offices (28%), Industrial (10%), and Cash (39%).

ANALYSIS OF RENT REVIEWS. Table showing the number of properties and their rent reviews for various years (1979, 1980, 1981, 1982, 1983, 1984).

The Fund now consists of 60 properties throughout Britain, and is currently valued at £37 million. The Fund's managers are advised by Healey & Baker who specialise in shop, office and industrial property throughout Britain. The Fund's Independent Valuers are Cluttons, Chartered Surveyors.

About Save & Prosper Save & Prosper Group was founded in 1934 and in addition to being Britain's largest unit trust group is also a major force in life assurance, pensions and annuities. At 2nd April 1979 the group managed £1,000 million on behalf of some 700,000 investors.

5% p.a. free of tax at the time If you invest £1,000 or more you can withdraw up to 5% of your initial investment each year for 20 years without giving rise to any liability to tax during the period. This is a feature of particular interest to higher-rate and additional-rate taxpayers. Further details on the tax position are given opposite. In using this facility you should bear in mind that any rate of withdrawal that exceeds the growth rate of your investment will result in a decline in the value of your investment.

How to invest A lump-sum investment in the Fund is made through a single premium life insurance policy—the Save & Prosper Investment Bond. You can invest £250 or more (£1,000 if using the Withdrawal Facility) by purchasing a bond linked to the Property Fund. To invest now, simply complete and return the coupon, together with your cheque. Once your proposal has been accepted we will send you a policy document normally within ten days. The offer price of units in the Fund on 11th July 1979 was 157.6p.

EVERYTHING ELSE YOU SHOULD KNOW Unit pricing The Property Fund is divided into units which are normally revealed fortnightly. Your special terms, should the amount invested is not affected. Charges There is an initial management charge of 2% plus a rounding adjustment (not exceeding the lower of 1p or 1%) which is included in the offer price of units. There is also an annual charge of 1% of the value of the Fund to cover life insurance and administrative costs. The costs of property management, valuation and other expenses of the Fund, including buying and selling properties, are borne by the Fund. We also reserve the right to amend the policy benefits, if necessary, as the result of any levy payable under the Financial Protection Act. Current tax position You have no personal liability to capital gains tax as this is allowed for in the price of units. Also you will have no personal liability to basic rate income tax in connection with your Bond, either while it is in force or when you cash it. There may be a liability to higher rate and/or additional rate tax if you are, or become liable to these taxes during a year in which you cash your Bond, or on your death. Withdrawal facility Basic rate taxpayers will have no liability to income tax on any withdrawal. Higher rate and additional rate taxpayers may withdraw up to 5% of their original investment each year for 20 years without giving rise to any liability to tax during the period. Such withdrawals will not, however, be taken into account in calculating any liability to tax when the Bond is eventually cashed in, or at death. Payments are made half-yearly on the last day of the month you select. The first payment being not less than two months after the purchase of your Bond. You may vary the amount you wish to withdraw at any time up to 5% of the value of your Bond. Switching facility At any time you may switch your investment from the Property Fund to one of 22 other Save & Prosper Group funds, at low cost, and without incurring any personal capital gains tax liability. Full details of this valuable facility are given in the booklet that is sent to you with your policy document. Cash in your Bond You may cash your Bond at any time and receive its full cash-in value based on the net value ruling. However, we reserve the right to suspend the facility for a period not exceeding six months, in order to avoid having to cover any unexpected cash requirements. This right, which has never been exercised, would only be used in exceptional circumstances.

Proposal for an Investment Bond linked to SAVE & PROSPER PROPERTY FUND. Includes fields for name, address, date of birth, and a section for the investor's signature and date.

SAVE & PROSPER GROUP

FINANCE AND THE FAMILY

An administration order

BY OUR LEGAL STAFF

We cannot get a firm of solicitors, A & B, who are executors of my late mother-in-law's small estate to complete winding it up and, in particular, to deal with a few trinkets and some furniture they held. Another solicitor says there is nothing further he can do as A & B are executors. Do you agree? Would an approach to the Law Society be of any use, or must we wait until A & B say their costs have consumed the balance of the estate? An approach to the Law Society may prove useful. It is certainly worth trying. Otherwise your wife's only course is to apply to the Court for an administration order or for directions in the administration of the estate. As the estate was small this could be done in the County Court but the costs of doing so might even then be disproportionate to the value of the unadministered estate.

The situation of a boundary

The boundary of my garden is described in a Land Registry document as "centre of existing hedge". The hedge concerned is an old hawthorn hedge on either side of a dry ditch, but in recent years my neighbours have cut back the trees on their side and extended their gardens into the ditch. They seem to suppose my garden ends

with the hedge on my side. What do you consider is the boundary? Is there any action I should take? The situation of a boundary is a question of fact. In your case the centre of the hedge-ditch-hedge feature seems likely to be the true boundary. But, as the hedge on one bank has now been removed there is a danger that the fact that there used to be hedges on both banks of the ditch would become obscured in time. You should therefore procure a "testimony" by procuring now statutory declarations by any people who know the site well and have done so for some time, in which they can describe the position as it was before the clearance of the hawthorns on your neighbour's side; and, preferably, stating where the boundary runs.

Transferring real property

I have notified in recent answers that you advise the best way of transferring real property which will avoid capital transfer tax is the declaration of a trust for sale and the division of the interests under the trust into a number of parts which can then be transferred each year. But is capital gains tax charged on the whole of the assets at the time of the declaration of the trust for sale? Is it not the case that there is only a transfer when the parts are

transferred? We have tried to make clear in our earlier replies on the subject that the declaration of trust scheme does not prevent capital gains tax being payable. Hence in cases where the subject matter is not a principal residence it is important to consider whether any saving of capital transfer tax may not be offset by bringing forward the date when capital gains tax is payable. The date of the declaration of trust would not normally be a disposal on which gains tax is chargeable, as the trust will not create settled property.

No power of attorney

My brother suffered a serious accident some months ago, and since then has been more or less unconscious. I am told I cannot get a power of attorney to manage his affairs. What, then, can I do?

It is correct that a power of attorney cannot be granted while your brother is not conscious, for the donor of the power must be capable of handling his own affairs at the time when he grants the power. The only course would be to make an application to the Court of Protection under the Mental Health Act 1959.

Exchange rate and a salary

I am an American working in Britain for a U.S.-based company. My salary is paid in

and deposited in my U.S. bank. The company submits a statement of my salary to the Inland Revenue, but in pounds. What rate of exchange should be used? From what you say, the schedule E assessment should be based on the rates of exchange on each day (presumably the days on which the dollar amounts are deposited in your U.S. bank).

A section 146 notice

In 1973 I leased a portion of a small industrial property I own, and last year I served a notice under Section 146 of the Law of Property Act, 1925, because of the neglect of the property and later I applied to the court for forfeiture. Meantime, in 1975, the tenant moved into an adjoining part of the building and some time later, by letter, he agreed to pay me an extra rent. Because I have nothing but this letter, on what basis can I serve a notice for lack of repairs under Section 146 and because of such breaches of the covenant in the past formally leased, the subsequent application for forfeiture? Are not obligations implied as to repairs of the premises? The normal inference, in the circumstances which you describe, would be that the extra area occupied since 1975 is held as an addition to the land demised by the original 1973 lease; so that the covenants in that original lease will be

Farm tenants responsibilities

Possessing three farm smallholdings, for which we have always executed all external repairs to the houses and farm buildings. I now find, with the high costs of such work, that the rents from these (which have been fixed by an agricultural valuer) only meet a small portion of the repair bills, causing an imbalance in the accounts. I understand that repairs for this type of property was, through a fairly recent Act of Parliament, made to be all or partly the responsibility of the tenants. Could you please let me know if this is correct? There are tenancy agreements

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

extended to the additional area. You can therefore serve a Section 146 notice on the tenant in exactly the same manner as you have done in respect of the original demised premises, save that it would be wise to recite that the premises were demised in 1976 on the same terms as the original lease. We think that in fact there is only one lease and that the 1975/1976 transaction resulted in an accretion to the property demised by the 1973 lease. There is therefore no need to rely on implied covenants as the covenants in the written lease will govern the parties' rights and obligations.

Cottage transfer to children

Referring to your reply under cottage transfer (June 2) in which you suggest a declaration of trust for sale and the assignment each year of sufficient of the equity of the property to absolve the annual gift exemption; we are concerned about the effect in such circumstances of the provisions dealing with associated operations. What is your view on this point? We appreciate your concern and we accept that a case can be made out for attacking the transaction under Section 44. However we think that Section 44 would not be held to apply where there is no obligation to make the future transfers or assignments of the equitable interests and where a regular pattern of such transfers or assignments is avoided.

Protecting borrowings

ANYONE who borrows money commercially, as distinct from privately, for whatever purpose and from what ever source, is subject to some degree of credit vetting. The lender needs to ensure, so far as he can, both the return of his capital in due time and also during the period of the loan the regular payment of interest. But even the borrower who is in credit terms the most eligible or copper-bottomed, can die, be injured, fall ill, or lose their job. It is thus by no means unusual for banks, finance houses and retailers and so on, providing loans or credit facilities to offer borrowers the opportunity of insuring their ability to pay.

Such insurance is clearly good for the lender, and though it is paid for by the borrower, it is good for him too because in the first place it frees him from a considerable degree of financial worry. Moreover, because the cover is provided by way of a group scheme it is normally much cheaper for him to buy than if he seeks to insure his indebtedness on an individual basis. This is partly because insurers' administrative expenses are reduced, and partly because insurers get a much better spread of risk. Indeed many of these group schemes provide cover that the borrower cannot normally purchase elsewhere in any other way—cover against his inability to pay through his unemployment. Of course where unemployment cover is provided there are exclusions and financial limits (but this is true of all aspects of credit insurance), but most schemes pay instalments, rental or whatever during unemployment for at least six months. The amount of cover provided is, of course, directly related to the premium insurers want and the price the lending organisation reckons it is sensible to ask its customers to pay—or in some cases to include in the cost of its business facilities where the insurance is not offered as an optional extra but included in the cost of the package. The precise mix of cover in any scheme is therefore variable. Just as many schemes include cover during unemployment, as many probably most, also provide cover for the death of the borrower. But all are meant around the provision of benefit in the event of disability, whether due to illness or injury. In the case of death insurers normally undertake to repay the outstanding amount of the bor-

rower's debt. In the event of injury, illness or unemployment they pay part or all of the instalments as they fall due. Payments are not usually made direct to the lending organisation. The borrower is thus relieved of his obligation to never actually get his hands on the insurance money, though he provides all the requisite evidence that insurers require—medical certificates and so on. Most loan and credit agreements require monthly payments by the borrower but not all insurance schemes provide cover for the repayment in full as they fall due. Sometimes insurers make what they call

Incidentally, for the protection of larger loans, insurers may sometimes require detailed health declarations. But borrowers should not be misled into thinking that the declared health abnormalities are insured. For in this kind of situation the health declaration is only a key, or sometimes a bar, to admission to the scheme. Once admitted the full rigour of all the scheme's exclusions apply to the borrower. As I have said, premium is paid by the borrower either overtly, as part of the cost of the borrowing. Payment can be made by way of a single premium at the outset or month by month as loan repayments or interest or whatever fall due. But the choice of method of payment is not the borrower's option. It depends on the terms of the scheme set up by the lending organisation.

INSURANCE

JOHN PHILIP

"proportionate" or "per diem" payments. In these cases the borrower who is for example out of work for 20 days in a month gets two-thirds of the appropriate monthly instalment paid on his behalf. Cover does not normally commence at the first day of work. Insurers fix "waiting periods" of varying lengths to protect themselves. Depending on the particular scheme the minimum waiting period may be as short as 10 days or as long as 30 days—and waiting periods of different lengths may be written into the same scheme for the various aspects of cover, say 15 days for injury and illness and 30 days for unemployment. Inevitably, many borrowers enjoy less than average health, having some long-standing physical disability which from time to time lays them low. Because insurers underwriting this kind of scheme do not normally require medical evidence or detailed health declarations, they apply to the majority of schemes the exclusion to be found in most individual disablement contracts—that of disability which is known to the borrower and which the borrower has suffered prior to the loan or credit agreement. This "pre-existing" exclusion, as it is called, is as vital a protection for insurers as is the waiting period. Without it claims costs would rocket, and the price of insurance for all, healthy and otherwise, would double or triple.

GOLD COINS

ROGER JOHNSTONE

Australia is to mint its first gold coin in nearly 50 years. In yet another attempt to cut back the ballooning federal deficit, Mr. John Howard, the Treasurer, announced the move this week although only giving scant details of the actual issue. He said the first issue from the highly-respected Federal Mint would be a "collector" type coin with a face value of A\$100 and would be aimed at Australia's large community of numismatists. Of more interest will be a later issue of pure gold bullion coins along the lines of South Africa's Kruggerands.

Although Australians are now allowed to hold gold, certain legal statutes will have to be altered to facilitate minting of the new coins. This will be done at the forthcoming budget session of Federal Parliament, so Australia's gold coins would probably not be available until early next year. It is thought that a competition may be held to decide on the design of the proof set.

The collector coins will be made available in proof form at a premium on value, while the bullion coins will carry a small mark-up.

Australia now joins a growing band of countries trying to follow South Africa's successful introduction of bullion coins a little over ten years ago.

Non-residents tax

I am resident abroad, and for some years have been using a provincial firm of accountants to sort out my UK tax affairs, but they do not seem to have all the answers or be capable of getting speedy responses from the Inland Revenue. I have considered using my banks tax department, or one of the international firms of accountants, but I imagine their fees would be high. For investment I wondered about stockbrokers in, say, the Channel Islands, who are accustomed to overseas clients. What do you advise? You cannot hold your accounts responsible for the time taken by the Inland Revenue. Whilst tax inspectors can bring pressure on taxpayers (and their agents), the tax laws generally provide no means of

bringing pressure the other way. Most London stockbrokers are equipped to serve the needs of non-residents, so it is really up to you whether you prefer to use a broker outside the UK. If you think your present accountants have insufficient experience of non-residents' taxation, you might try the tax department of one of the international banks; your own bank probably has many non-resident customers, but you do not say which bank it is. From reading between the lines (and you have not really given us many clear facts to go on), we doubt whether one of the larger international firms of accountants is likely to give you what you need at a price you would find acceptable.

Exchange rate and a salary

I am an American working in Britain for a U.S.-based company. My salary is paid in

Farm tenants responsibilities

and the only reference to repairs is "the tenant shall keep all fences, ditches, drains, gates and interior of the premises including glass in windows in good and tenable repair." There is no mention of repairs by the landlords. Section 2 of the Agricultural Holdings (Notices to Quit) Act 1977 regulates the length of notice required for a notice to quit served on the ground that the tenant is in breach of a term of his tenancy. Under Case D a six months' notice is required for breach of a repairing obligation. But the obligations remain under the general law

The view from the top

BY THE NATURE of things, anyone taking in the view from the mountain peak tends to look down, even though there may be higher peaks in the far distance. Back in April the chairman of De Beers, Mr. Harry Oppenheimer, was doing just this. He was looking ahead after a year in which world diamond sales values had been boosted

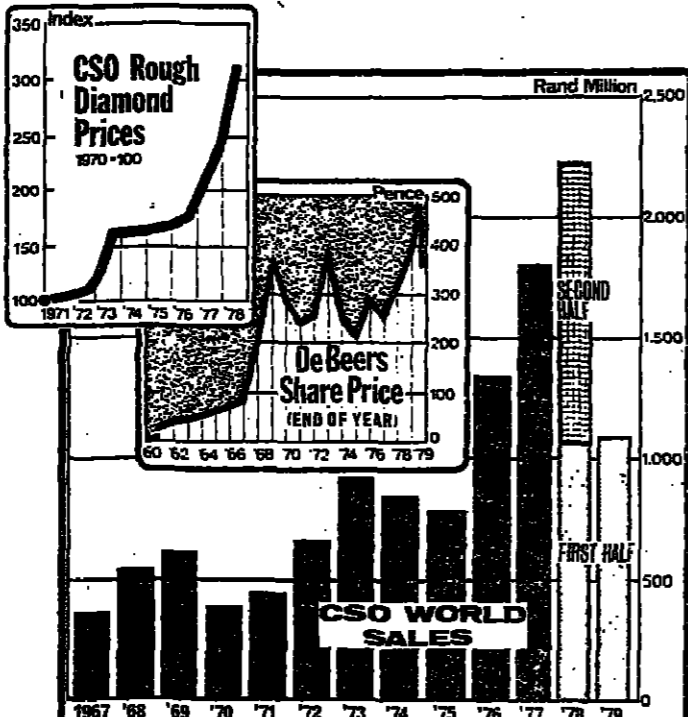
by currency uncertainties to a highest-ever R2.23bn, or \$2.55bn. But the boom conditions had ended and he saw "return to normality in the market." If anyone really knows about diamonds and the mysteries of the world they live in, it is Harry Oppenheimer. And so it came as no surprise this week to learn that the value of this year's first half sales of rough diamonds, handled by the Central Selling Organisation on behalf of De Beers and other world producers, had come out at a less exciting R1.09bn, or \$1.37bn. Admittedly, these figures were respectively 2 per cent and 4 per cent above those of the 1978 first half, but the latest period had the benefit of the big price increase of 30 per cent which came into force in August, 1978. So the latest figures reflect a sizeable fall in the volume of diamonds sold.

The most encouraging aspect of the latest report from Ashton has been the indication of a further diamondiferous area (Fitzroy) and the start of deeper drilling which has encountered diamonds down to a depth of 70 metres. There is still plenty of time for Ashton to come up with results likely to stir the blood of the sharemarket. There has been little stirring of the blood in the market for South African gold shares this week, despite the firmness for the most part of the bullion price and the publication of another set of increased quarterly profits from the mines in the Consolidated Gold Fields group. June quarterly results

received by the Gold Fields group producers in the June quarter was R6,963 per kilogramme. This equals \$255 per ounce and compares with R6,547, or \$240, in the March quarter. A feature of the quarterlies has been the success in holding down what has been a very worrying rise in costs. Last quarter the Gold Fields group's average increase in unit costs was held to a creditable 3.1 per cent; it is worth bearing in mind that the rise in oil prices does not greatly affect these underground operations but bears heavily on the open-pits. Of the profit increases, best showings have been made by the more marginal mines. Thus Doornfontein and Libanon have done well with respective rises of 33.7 per cent and 22.5 per cent. The disappointment has been provided by Venterspost which lost production as a result of an underground fire and also suffered a fall in the grade of ore milled and a rise in costs. Profits dropped accordingly despite the receipt of State aid, but an insurance claim for loss of revenue is to be made.

MINING

by currency uncertainties to a highest-ever R2.23bn, or \$2.55bn. But the boom conditions had ended and he saw "return to normality in the market." If anyone really knows about diamonds and the mysteries of the world they live in, it is Harry Oppenheimer. And so it came as no surprise this week to learn that the value of this year's first half sales of rough diamonds, handled by the Central Selling Organisation on behalf of De Beers and other world producers, had come out at a less exciting R1.09bn, or \$1.37bn. Admittedly, these figures were respectively 2 per cent and 4 per cent above those of the 1978 first half, but the latest period had the benefit of the big price increase of 30 per cent which came into force in August, 1978. So the latest figures reflect a sizeable fall in the volume of diamonds sold.



Apart from a slight distraction occasioned by the falling Skylab, the major hunt in Western Australia is still that for diamonds, and the Ashton venture of Comine Blatino of Australia remains the focus of attention. A further progress report this week has contained the usual sampling results which continue, disappointingly, to be of a multitude of very tiny stones. The largest announced has been one of 6.47 carats, but the discovery of many more diamonds of considerably larger size would be required to rate the prospect as exciting. At the moment it ranks as no more than intriguing, but these are still early days and the many Kimberlite "pipes" discovered have been barely scratched.

Bullion prices received by the mines in any one quarter vary according to the timing of their sales, but the average price

received by the Gold Fields group producers in the June quarter was R6,963 per kilogramme. This equals \$255 per ounce and compares with R6,547, or \$240, in the March quarter. A feature of the quarterlies has been the success in holding down what has been a very worrying rise in costs. Last quarter the Gold Fields group's average increase in unit costs was held to a creditable 3.1 per cent; it is worth bearing in mind that the rise in oil prices does not greatly affect these underground operations but bears heavily on the open-pits. Of the profit increases, best showings have been made by the more marginal mines. Thus Doornfontein and Libanon have done well with respective rises of 33.7 per cent and 22.5 per cent. The disappointment has been provided by Venterspost which lost production as a result of an underground fire and also suffered a fall in the grade of ore milled and a rise in costs. Profits dropped accordingly despite the receipt of State aid, but an insurance claim for loss of revenue is to be made. Another view from the top has been taken this week by Canada's Noranda. Reporting a second quarter profit of C\$87.2m (C\$26.1m) which makes a first half total of C\$150.5m, or C\$5.0 per share, compared with C\$135.2m earned in the previous full year, the base metal mining group warns of an unfavourable outlook for the rest of this year. Australia's MBE Holdings is to make a one-for-four scrip issue to holders registered on October 11. The new shares will rank equally with those existing and will qualify for the final dividend which has yet to be declared for the year to June 30 last. Malaysia's Ayer Hitam has completed its financial year with a tin concentrate output of 2,291 tonnes against 1,784 tonnes in 1977-78. The mine will also have received a considerably higher price for its tin in the past 12 months. Malayan Tin with a year's concentrate output of 3,268 tonnes against 2,568 tonnes and Southern Malayan with 2,328 tonnes against 1,973 tonnes have also done well. Space satellite prospecting information via the Landsat system is to be used by Getty Oil. Australian Consolidated Minerals and the Ashburton joint venture to explore for uranium in 70,000 square miles of the Pilbara-Ashburton region of Western Australia. Getty will have a 60 per cent stake in the search.

The battle of the perks

IT HAS BEEN suggested in the Press recently that the Conservative Government is considering a radical amendment of the "benefits in kind" legislation. There are in fact two separate sets of provisions covering all employees, while the other set covers directors and to those employees earning over £8,500 per annum. The two regimes differ markedly, and it has been well said that there is one law for the rich and another for the poor: although there can be considerable argument how heavily penalised the rich are by the more stringent provisions applying to them. The law for those who are not directors, and whose earnings (counting in their benefits) do not amount to £8,500 can be simply stated. They are taxable on the cash amount of their earnings; they are also taxable on earnings which come to them in non-cash form—the example always quoted is that a husband's car is customarily sold to the hides of the animals upon which they feed their hounds. This and other similar rights are described in the tax legislation as "perquisites," and along with salaries, fees, wages and profits, they are defined into the comprehensive term "emoluments" on which tax is charged. Two further points need to be made. The first is that the general law (that applying both to employees earning under £8,500, and to those over it, except in this latter case to the extent that it is replaced by the special provisions outlined below), is appropriate only to tax money payments, or items which can be turned into money (except that the law has recently been widened to bring in also medical insurance and vouchers exchangeable for goods). Where encashable goods or services are given, tax is paid on their second-hand value. The second qualification to the general rule is that housing supplied to employees has always been taxable. There have been numerous attempts to introduce sense into the exceptions from this rule, and bite into the provisions dealing with non-exempt housing. The latest rewriting was Mr. Joel Barnett's deputy child, S.33 Finance Act 1977. This section is complex enough to require a series of articles all to itself, but its general intent is to charge tax on those enjoying beneficial occupation by reference to the higher of the rent paid by their employer or the gross rateable value of the premises.

Each of these measures of the benefit is objective and certain. They are therefore eminently suitable for use as the basis of taxation—and once the Revenue recognised this it was more or less inevitable that the alternatives of cost to the employer, or an annual value derived from an objective formula, would be the basis to be used for subsequent benefits legislation, and in

his private motoring at the Chancellor's expense, and even then it would be fairer to recognise that his employer is just as significant a contributor as the Chancellor to the costs of making the car available. The value ascribed to the availability of an employer's asset can be arbitrary. But there is also an optical illusion built into the rules for valuing other benefits, an illusion which seems to deceive many employers and their employees. If an employee pays his own telephone bill of £100; he needs £250 of gross income in order to leave him with the necessary

£100 net after 60 per cent tax. It is therefore said that advantage is gained if his telephone bill is paid by his company. The figure on which he is then assessed is only the net sum of £100, and this costs tax of only £50, in place of £150. What may fall to see is that like is not being compared with like. In the second case the employee is dipping into his pocket for £60. To enable him not to do so—to put this case on all fours with the other one—he needs to be given £150 in cash so that he can pay tax both on that £150 and on the telephone bill benefit.

TAXATION

DAVID WAINMAN

particular for that applying to directors and the higher paid. We thus find with no surprise that in Section 61 and the succeeding sections in the Finance Act 1978 the general rule for attributing a value for tax purposes to any benefit is to be taken as the relevant measure. Where the benefit consists of the employer's permitting an employee to use an asset which remains the employer's property, then the annual value is taken as a general rule to be 10 per cent of the asset's market value. There are a few exceptions. If it is true that the Conservatives want to reduce or eliminate the advantages of paying employees in kind, they hardly need look further than the valuation rules. For instance, gross rateable values of accommodation may once have been a reasonable measure of availability. But today two factors conspire to call these values into question. First, the updating of the rolls is substantially in arrears; but much more significant is the second factor, that the whole basis of valuation ignores, purposefully, questions of availability or otherwise. If rented accommodation is in extremely short supply, can its value realistically be derived by ignoring that shortage but otherwise looking for "the rent which might reasonably be expected to be obtained on a letting from year to year if the tenant undertook to pay all usual tenant's rates and taxes, and if the landlord undertook to bear the costs of the repairs and insurance, and other expenses if any necessary for maintaining the subject of the valuation in a state to command that rent." Where a car-owned by the employer is made available to an employee so that he can use it for his private purposes, the valuation of that benefit can only be described as arbitrary. (It must be understood that this benefit is the "availability" of the car for private use; whether and how much it is used privately is irrelevant, except to the extent that there are different rules for valuing the private availability depending whether the business use is more or less than 10 per cent of total mileage.) It is only in the sense that the benefit figure is thought to be inadequate that it can be said that anyone "gets

ONE OF THE HIGHEST INCOME BOND OFFERS OF ALL TIME

1 1/2% p.a.

NET OF BASIC RATE TAX, OVER 5 YEARS

If you want to increase your investment returns, this new Guaranteed Income Bond will enable you to take full advantage of the exceptionally high interest rates currently available.

The income is payable for 5 years and is the same for men and women of all ages.

Your rate of tax	Your net income for 5 years
30%	11.5% p.a.
45%	10.4% p.a.
60%	9.2% p.a.
75%	8.1% p.a.

At the end of 5 years your original investment will be returned in full. The payment on death is slightly higher. The minimum investment is £1,000. The Bond is issued by a leading insurance group with assets in excess of £850,000,000.

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City: _____
Date of Birth: _____

YOUR SAVINGS AND INVESTMENTS

EDITED BY EAMONN FINGLETON

Sir Geoffrey Howe's income-tax revolution has reduced the appeal of low-yielding Government securities for wealthy investors. Has the penny dropped with the gilts market? Martin Taylor reports

A bumpy ride for Transport 3%

ALTHOUGH Sir Geoffrey Howe's Budget dealt a heavy blow to the tax avoidance industry, it would be naive to suppose that people are any keener to pay the top rate of tax... The gilt-edged market has its own temptations for the high-rate taxpayer as it offers two ways of reducing tax on investments...

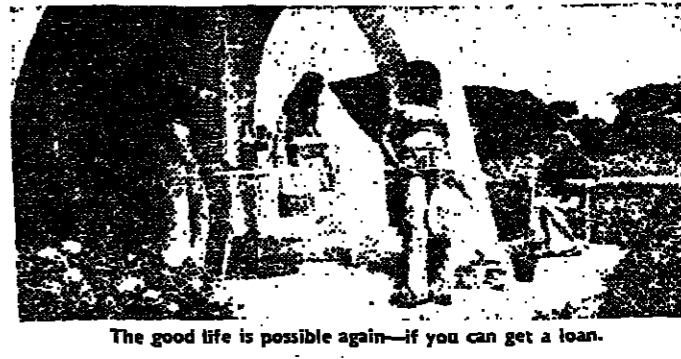
since the Budget, which has sent the market technicians groping for their computer models, where these stocks now stick out like a line of sore thumbs... Ken Ayers of stockbrokers Laurie, Millbank put the point against the low-coupon stocks... The gilt-edged market prides itself on its efficiency in correcting anomalies of this sort by adjusting prices...

Money Monitor

Fixed asset

FIXED interest rate offers to savers are catching on among building societies... The latest deal comes from the Grainger society, which is offering a guaranteed 10 per cent net of basic rate tax over three years... Following the Building Societies Association's rates changes yesterday, most societies will be paying 9 1/2 per cent tax-paid for three-year money from August 1...

Loans for foreign homes



THE ELEGANT traditions of British travel have taken rather a knock in recent years, with currency movements and exchange controls forcing holidaymakers to accept package tours or cheap hotels... Sterling's unusual strength and the relaxation of exchange controls provide an opportunity to redress the balance... A major problem for many prospective buyers will be finding the money...

CREDIT-1

JOHN MAKINSON adds that a number of technical problems arise—notably collateral. Banks will be reluctant to accept foreign property as security for a loan but could lend in either sterling or foreign currency if credit were backed by assets in the UK... Banks will also be interested in the rental value of a property, often easier to judge than the potential capital appreciation in an unfamiliar market.

The last of the lower rates

CREDIT-2 COLLEEN TOOMEY

Table titled 'HOW THE BANKS' NEW LOAN RATES MEASURE UP (OLD RATES IN BRACKETS)'. Columns include bank names (Co-operative, National Westminster, Barclays, Lloyds, Midland, National Girobank), two-year personal loans, two-year home loans, and maximum loan amounts.

IF YOU'RE thinking of borrowing money from a bank, take a tip and hurry to the Co-operative Bank on Monday... The Big Four clearing banks have now all raised their rates of interest on personal and home improvement loans... Among the cars affected are the Mini 1275 GT, the 1294 cc Alpine GL, the Datsun 120A/F11 Coupe and the Toyota Corolla 30...

Changing down

An improvement in the insurance rating of many types of car has shielded many motorists from the latest rise in General Accident's car insurance rates... Among the cars affected are the Mini 1275 GT, the 1294 cc Alpine GL, the Datsun 120A/F11 Coupe and the Toyota Corolla 30...

Surviving the American nightmare

HAVE UNIT trust managers changed their spots? For years the rudist question you could ask many unit trust groups was how their funds were doing against the index... Now the theory seems to have gone out the window—at least in the case of America-oriented funds... Each of the 21 American unit trusts lagged by Planned Savings magazine has beaten the Dow-Jones Index over the year to July...

UNIT TRUSTS EAMONN FINGLETON

Table titled 'AMERICAN LEADERS AND LAGGARDS' showing 'How American unit trusts performed in the year to July 1'. Lists names like Antony Gibbs/American, Allied Hambro/Securities, etc., with gain/loss percentages.

BRITANNIA TRUST MANAGEMENT BRITANNIA UNIT TRUST PERFORMANCE. Up to July 1st 1979 no less than 8 of the top 30 best performing U.K. authorized unit trusts this year were managed by Britannia Trust Management Ltd.* These funds were: Position 1st Britannia Universal Energy Trust +44.9, 4th Britannia Minerals Trust +36.1, etc.

TARGET GILT FUND. This could be an ideal moment to invest in Britain's first gilt-edged unit trust. Major advantages to the private investor. Investing in gilts calls for professional expertise... Fund in cash on deposit from time to time when, in their opinion, this is the best course of action. A proven policy. By laying emphasis on capital performance rather than income...

Vertical text on the left margin: B R I T A I N I S T A N D A R D

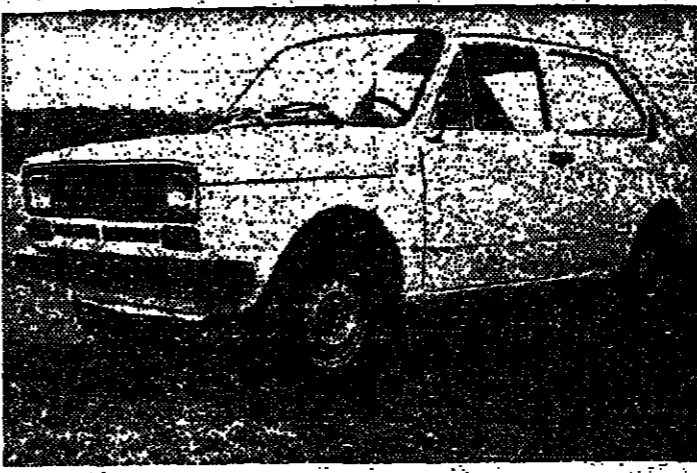
WADHAM STRINGER
ROLLS-ROYCE

Official Distributors for Rolls-Royce and Bentley.
H.A. FOX
34 Dover Street, London, Tel. 01-499 8982
1978 June Rolls-Royce Silver Shadow Saloon.
Caribbean Blue, Magnolia leather. Speedometer reading 8,800 miles.

MOTORS
With a drink in the tank

BY STUART MARSHALL

DRINK AND driving are rightly frowned on officially all the world over but the Brazilian motorist would not get very far without the help of alcohol. Before anyone runs away with the idea that Brazil is a boozier's paradise, however, let me explain that the alcohol is for the car, not the driver.



The fuel crisis has hit some countries even harder than it has Britain and the U.S. In some there is great enthusiasm to find sources of fuel. In Brazil great attention has been focused on alcohol, readily available from a variety of vegetable sources.

Three years ago, in a bid to cut oil imports, the government began mixing about five per cent alcohol with petrol. Last year the proportion had risen to 20 per cent, which is the strongest alcohol/petrol mixture a car will run on without extensive engine modifications.

The fuel crisis has hit some countries even harder than it has Britain and the U.S. In some there is great enthusiasm to find sources of fuel. In Brazil great attention has been focused on alcohol, readily available from a variety of vegetable sources.

Alcohol is the fuel of the future for Brazilian motorists. The use of 100 per cent alcohol-burning cars is being encouraged by the government. It is building up a fleet of several thousand for official use and is encouraging motorists to "think alcohol."

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JAMES YOUNG LTD.
1978 (T) ROLL-ROYCE CORNICHE H. Finished in Pewter with Green Everflex roof. Grey West of England cloth trim. Only 1,500 miles. History. £37,500

MERCEDES-BENZ
1978 450 SEL 5.0. Met. Interior. 12,000 miles. £22,500

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WANTED URGENTLY
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MERCEDES-BENZ IN LONDON
450 SLC 78 (T) Light Met. Blue/Blue velour. alcant., airlocks, ESP, radio/steering. 11,000 miles. £23,950

BARKERS OF WINDSOR
ROLLS-ROYCE
1977 SHADOW II. Peacock Blue, beige trim, one owner. Full service history. 20,000 miles service just completed.

TOPLESS IN STYLE
ROLLS-ROYCE OWNERS REGARD YOU WITH BARELY CONCEALED JEALOUSY. ONE OF THE REASONS FOR THIS IS THAT YOU CAN CUT SO MANY DIFFERENT DASHES WITH THE 412. PERHAPS IT AND THE R-R CORNICHE ARE THE ONLY LARGE CONVERTIBLES NOW BEING MADE. BUT THE 412 IS MUCH MORE BEIDES."

Superlativa!
FERRARI AT HUXFORD FAREHAM NOW
The most exciting motorcar in the world is now available from our Farnham Showrooms.

Lex Mead Weybridge
Prestige Car Selection
1979 (T) JAGUAR XJS Automatic. Finished in Richelieu with Cinnamon interior. One owner. 32,000 recorded miles.

MERCEDES-BENZ
The following delivery programme cars are available with comprehensive 2-year/50,000 mile warranty:

Lincoln Street Motors GROUP AND DISTINCTION
ROLLS-ROYCE SILVER SHADOW. 1977 Reg. White/Blue. 20,000 miles. walter. £28,950

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SPORT

Open fascination

GOLF

TRYING to improve next week's Open Championship at Royal Lytham...

Australian Graham Marsh, who was in the top 10 in Chicago and Memphis...



Roaring start for Britain

BRITAIN made a perfect start by winning the first two rubbers of the opening tie of their 1979 Davis Cup campaign...

It might seem for there were no early rounds to provide valuable match play for the existing players or team building opportunities for newcomers...

met in Davis Cup play was four years ago in Barcelona, and Mottram had won there courageously...

TENNIS

JOHN BARRETT

has begun to believe in himself at last, as a grass court player. His play against John McEnroe in the second round at Wimbledon two weeks ago was surely the factor which finally changed his mind...

The year the money started to flow

ENGLAND should comfortably defeat India in the present four match series, which could prove an anti-climax after the excitement of the Prudential World Cup...

trialian Board of Control and WSC. It should produce much needed revenue for Australian cricket, big money for the players and exciting television...

CRICKET

visit to India in the previous year. Probably several of our key players would benefit from a rest from the game, but it is noticeable that complaints about too many tours and becoming stale are less frequent because there is so much money around...

their request. However, they would have asked that we should revert to the old formula with five or six tests when we go again in 1982-83. Whether this will appeal to the Australians and Channel 9 probably depends on the success of this new venture...

MOTOR CARS

CHEVROLET CAPRICES advertisement with details of models and prices.

BRADSHAW & WEBB MERCEDES IN DISCOUNT advertisement.

ESPADA ENTERPRISES advertisement for luxury car brokers.

FOR TOURING THE CONTINENT PORSCHE 928 1978 advertisement.

BRANGE MOTORS advertisement for various car models.

CITROEN in the City advertisement for Citroen cars.

PORSCHE 928 1979 advertisement with price details.

ROLLS-ROYCE CORNICHE CONVERTIBLE advertisement.

REGISTRATION MARKS CAR MARKS advertisement with a table of car models and prices.

EXECUTIVE LEASING IN RECEIVERSHIP DRIVERS ASSOCIATION advertisement.

MERC. 350SL advertisement for a Mercedes car.

FISHING

THE ADDICTION to salmon fishing which has dominated my life for the past few years is passing. After a total of some 30 days flogging empty rivers in Wales and Scotland I find myself turning down invitations to fish beats where in the past I have angled for the chance...

Wye has been mainly due to the 1976 drought which killed the parr and smolt in many of the tributaries. This means that eventually stocks might climb again as long as sufficient fish spawn over the next few years. Otherwise things will be bleak indeed.

been far from good. The water has been cold and after very heavy rains of May and early June the river has been swollen and cloudy. Weed growth over all has not recovered to its pre-drought extent, and was slow to get away. But in some parts it grew enormously, and during the weed cutting fishing became almost impossible as mud and rafts of weed made nonsense of any finesse in fishing.

My pessimism has been aggravated by the fact that where I have been fishing I have seen very few parr, which normally, at this time of year, are continually taking fly with an ambition extraordinary in so small a fish. These parr numbers, it appears to me, have been steadily falling over the past few years, and it is a phenomenon which others have noticed as well.

Fortunately during my long infatuation with the salmon I had remained moderately faithful to dry fly fishing on the Test, and this has the advantage these days of being only a few miles from my home.

Nothing happened in the next quarter of an hour so just before I left I floated a fly past the spot and got a 3 lb rainbow. The only sign of life I had seen that afternoon.

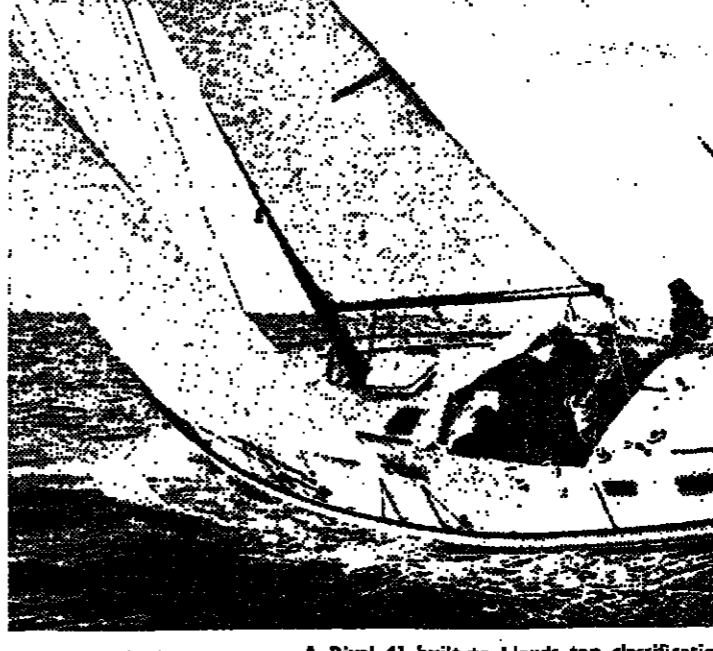
BOATING

ROY HODSON

comfort to be derived from the fact that the hull was built under Lloyds supervision. That means, in practice, that a locally-based Lloyds surveyor will be a frequent visitor to the yacht construction shed during the formation of the hull. He will inspect materials, working conditions, the temperature of the shed, and the methods of workmanship.

There is a growing body of opinion that osmosis is as endemic to glass-reinforced plastic as rust is to steel. The view of the Lloyds surveyors I have spoken to is that osmosis is something to be treated as a matter of routine maintenance and repaired as soon as possible. They emphasise that it is not a fundamental flaw likely to render an affected yacht valueless.

Top of the class advertisement for a boat.



A Rival 41 built to Lloyds top classification.

ARTS

Remembering Rodgers

Last week in some reflections on the programme-content of Radio 3 I mentioned the Ulster poet W. R. Rodgers as being one of a cadre of creative people whose work used to enrich the Third Programme.

RADIO

invariably wholly scripted. On Sunday evening in a radio portrait of Rodgers himself, Tether that held me to the fate (Radio 4 UK) by John Miller.

Somehow Rodgers with his poet's eye and a generous allotment of time solved these problems in one go and established the form. But Mr. Browne spoke wryly of the agonies behind the scenes of work interrupted by the poet's drinking bouts among his Dublin cronies.

He never said anything especially memorable in my presence but the innate courtesy of his manner and the beauty of his voice mentioned by co-travellers to this programme, do vividly remain with me.

Among regular radio listeners, jazz fans represent an active and diverse minority. They are constantly putting pen to paper requesting the playing of almost unobtainable, long since out-of-print discs which Peter Clayton in his cheerfully conducted Jazz Record Requests (Radio 3) on Saturday afternoon manages to obtain for them.

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The Onk Theatre Overall from Amsterdam

Taking to the Hamburg streets

The third International Street Theatre Festival, the only one of its kind in Europe, was held as usual in Hamburg last weekend. It is always a hectically explosive occasion, in atmosphere at least.

Within the hallowed precincts of the Four Seasons Hotel, hours later, crowds on the opposite pavement were still cheering mystified guests as they came and went, but the Natural Theatre had long since disappeared.

This festival, or Alsterberg-nigen as it is known, has sparked off a taste for street theatre in Hamburg, to such an extent that the city now supports at least eight new groups. None of them very good, mind, but eight nonetheless.

The best new group this year was also from Holland: the Onk Theatre Overall, featuring that evergreen mime Will Spoor. Performed on the main stage at the Alster, their show had a strong but simple narrative thread in which an intense pseudo-scientific twist is attempting to place a small ball in a cupboard.

The Silent Woman

The Glyndebourne revival of Richard Strauss's comedy, Die Schwalbe, was discussed here by Ronald Crichton last month, is now conducted by months, is now conducted by months, is now conducted by months, is now conducted by months.

SPNM concert

The St. Bart's 20th-century Festival is playing host this week to a number of promoting organisations, there is a Concert, a New Macnight Concert, and on Wednesday night it was the turn of the Society for the Promotion of New Music to offer a programme.

TV Radio

- 7.15-8.30 am Open University (Ultra high frequency only). 9.00 Mr Men. 9.15 Brownie Cat. 9.40 Tabitha. 10.05 Plo Sport. 11.20 Zorro. 11.15 Tom and Jerry. 11.22 Weather. 11.25 Cricket: First Test: England v India.

- Wales-12.35 am News and Weather for Wales. Northern Ireland-1.30-5.10 pm (Continuity) News from Down Royal. 5.30-5.25 Sport/News for Northern Ireland. 12.35 am News and Weather for Northern Ireland.

- ATV 3.10 International Sports Special (Part 2) Water-skiing. 4.00 (West) Sports. 4.55 Results Service. 5.05 News from ITN. 5.15 Bankers! 5.45 The Masters. 6.30 Steve Jones Game Show. 7.30 Chips. 8.30 Sale of the Century. 9.00 Police Woman. 10.00 News from ITN. 10.15 Hard Times. 11.15 M'Lords, Ladies and Gentlemen. 11.45 Celebrity Concert (Cleo Laine).

- Granada 9.00 am Untamed World. 10.05 Haggis Days. 5.15 pm Bankers! 5.30 Bankers! 5.45 How the West Was Won. 5.50 Sale of the Century. 6.00 How the West Was Won. 6.15 The Haunted Palace. 6.30 starming! (Sue Price and Debra Page).

- ITV 9.05 am Parents Day. 9.30 Beachcomber. 9.55 Mr. Mugger. 10.05 Batman. 5.15 pm Poppye. 6.00 The Muppet Show. 6.30 S.W.A.T. 11.45 The Electric Theatre Show. HTV CYMRU/WALES-as HTV General Service except 5.30-8.00 pm Pwy Fawr Meddwl.

- ITV 9.00 am Cartoon Time. 9.10 Spider-Man. 9.20 Space 1999. 9.35 am Cartoon Time. 9.50 Bankers! 6.00 The West Was Won. 6.05 Haggis Days. 6.15 How the West Was Won. 6.20 Haggis Days. 6.30 What's on Next? 11.45 am Electric Theatre Show.

TV RATINGS

Table with columns for TV channel, programme name, and rating. Includes entries like 'Coronation Street', 'The News', 'The Saturday Night Takeaway'.

WEEKEND CHOICE

SATURDAY-A great day for sports fans though nobody else. The third day of the First Test runs all morning on BBC1 then from 4.30 on BBC2.

ENTERTAINMENT GUIDE

ALBERTY. From 8.30 am incl. Subs 01-826 3875. CC bookings 01-826 1071-12. Eve. 7.30-11.00. A THOUSAND TIMES WELCOME IS OUR POLICE.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S 'MURDER AT THE VICARAGE'. Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday, 7.30 and 9.30.

ATV 9.05 am Parents Day. 9.30 Beachcomber. 9.55 Mr. Mugger. 10.05 Batman. 5.15 pm Poppye. 6.00 The Muppet Show. 6.30 S.W.A.T. 11.45 The Electric Theatre Show.

BBC 1 7.15-8.30 am Open University (Ultra high frequency only). 9.00 Mr Men. 9.15 Brownie Cat. 9.40 Tabitha. 10.05 Plo Sport. 11.20 Zorro. 11.15 Tom and Jerry. 11.22 Weather.

BBC 2 7.40 am-2.45 pm Open University. 2.50 Saturday Cinema: 'Hill and High Water' starring Richard Widmark. 4.30 Cricket: First Test. 6.30 Droopy (cartoon). 6.45 Grapevine. 7.15 News and Sport. 7.30 The Daily Sports Party for Harold Holt Ltd. recorded at the Royal Albert Hall in 1976.

BBC 1 7.15-8.30 am Open University (Ultra high frequency only). 9.00 Mr Men. 9.15 Brownie Cat. 9.40 Tabitha. 10.05 Plo Sport. 11.20 Zorro. 11.15 Tom and Jerry. 11.22 Weather.

ALBERTY. From 8.30 am incl. Subs 01-826 3875. CC bookings 01-826 1071-12. Eve. 7.30-11.00. A THOUSAND TIMES WELCOME IS OUR POLICE. 'MIRACLES MUSICAL'.

ARTS/COLLECTING

From St Ives to Orkney

Sometimes the by-products of oil can be beautiful, surprising and worthy. That is certainly the case in Orkney today when the Pier Gallery is opened at Stromness...

Nijinsky's last battle

THE CELEBRATED diary compiled by the great dancer Vaslav Nijinsky just 60 years ago as he was battling against the loss of sanity...

BRIDGE

THERE ARE few things more unenvying for a declarer than to find that one defender has as many or even more trumps than he has himself...

CHESS

THE TRADITIONAL Clare Benedict tournament for West European teams opens tomorrow at Teesside Polytechnic, Middlesbrough...

South ran his trump Knave, and winced when East discarded a heart. However, he led a spade and finessed dummy's ten...

West led the Ace of hearts, which was ruffed with the spade two, and the diamond spade was returned from the table...

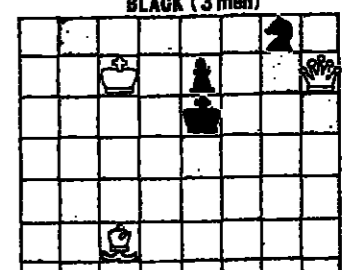
Beautifully played hands, you must agree.

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, P-Q3; 5 B-Q7, B-Q2; 6 P-B3, N-B3; 7 P-Q4, Q-K2; 8 R-K1, P-KN3; 9 Q-N2, B-N2; 10 P-KP, P-KP; 11 N-B1, Q-Q; 12 B-KN5, P-R3; 13 B-R4, Q-R1; 14 Q-K2, P-KN4; (Black aims to establish a knight on K5 but he underestimates White's central play...)

POSITION No. 276



PROBLEM No. 276



CONCERTS

ROYAL ALBERT HALL MONDAY NEXT 16 JULY at 7.30 p.m. UNIQUE ORGAN CONCERT THE MOST POWERFUL ORGAN SOUND EVER

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FINANCIAL TIMES

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Telephone: 01-285 3000

Saturday July 14 1979

Taking our medicine

THE strong inflationary pressures which persist in the economy have been made very clear this week...

Wage round

If the world economy starts to slow down, as seems virtually certain, the rise in input prices should begin to ease later in the year...

spending has helped to keep industrial activity at a moderately high level, although, as usual, a depressingly large amount of the benefit has gone to importers...

Unemployment

Thus the world trade environment over the next 18 months is unlikely to bring much comfort to the Government as it seeks to shake inflation out of the system and reorientate the economy...

Inflation element

The real crisis is likely to emerge next spring. For the rest of this year theatre groups, dance companies, and so forth, throughout the country are certain to protest as the local authority contribution to their funds is reduced...

U.S. role as patron

Last week American Express committed itself to the London Symphony Orchestra underwriting its tour of North America next summer...

A bigger role for business in sponsorship of the arts

BY ANTONY THORNCROFT, Arts Editor

THE ARTS world has just discovered at first hand the ups and downs of politics. Within weeks of welcoming, in the shape of Mr. Norman St. John Stevas, a British Minister for the Arts who publicly committed himself to championing its cause in the Cabinet...



A scene from 'The Rake's Progress'. This new production of Stravinsky's opera at Covent Garden was financed through substantial contributions from a private patron, Mrs. Edgar G. Tobin, and from the Royal Opera House Trust...

Inflation element

The real crisis is likely to emerge next spring. For the rest of this year theatre groups, dance companies, and so forth, throughout the country are certain to protest as the local authority contribution to their funds is reduced...

Ironically, for the first time in three years, the Arts Council had managed to squeeze from the Government a real increase of its funds for 1979-1980. The grant was up by 25 per cent, which covered inflation and added a little more in recognition of the fact that the effects of inflation on the arts tend to be greater...

On the other hand, the Arts Council is under pressure to look after its more adventurous projects because the solution propounded by the Government to solve the chronic financial problems of the arts—more support from business—is likely to pass over the avant garde altogether...

pinning work which is both experimental and worthy while trying to safeguard it from the sometimes relevant criticisms of its political paymasters. At least Mr. Norman St. John Stevas has a belief in community arts—one of the most controversial areas...

It will also make things tougher for the loony fringe of Arts Council recipients. In its committed advocacy of the experimental the Council invariably backs a few losers. There must, however, be an awareness that the Government will be dubious of the doty cases...

So the Arts Council will have to steer a difficult course, under the financial headaches which affect all arts organisations, but in particular opera companies with their very high costs...

Letters to the Editor

Inspiration

From Cdr Iulus Hamilton. Sir—Surely we have now had enough self-congratulatory comment in your columns by obvious Tory voters and in particular those claiming to represent the City's views. No one doubts the good intentions of Sir Geoffrey Howe but the key to Britain's survival as a nation of consequence is increased production at competitive prices with on-time delivery...

we can legislate on these things. It will take time, but it will be a new dawn. Meanwhile, let's stop kidding ourselves that tinkering will make us great again. James Hamilton, Fairway Lodge, Virginia Water, Surrey.

VAT

From Mr. D. Franklin. Sir—Mr. K. A. Bishop (July 3) holds a widespread belief that the effects of the increase of VAT is a serious effect for the majority. He says that "at a stroke, prices on practically every commodity increased by 7 per cent."

Many types of goods such as electrical items were increased by 2 1/2 per cent and in a 1977 statement by Mr. Denis Healey, the former Chancellor, he pointed out that VAT covered only 45 per cent of goods consumed by the average person. D. G. Franklin, L'Epineire House, 121, Kennington Road, SE11.

Footwear

From the Director, Economics and Legislation, British Footwear Manufacturers' Federation.

Sir—I was sorry to see that your leader writer (June 26) still regards us as a basically protectionist industry although we have tried to set out our true position in your own columns and elsewhere.

To restate the position: some three-quarters of the world's footwear making capacity is now effectively protected against imports—and the proportion is growing rather than falling. This means that the world's exports are concentrated towards the only remaining open markets of any significance—West Europe and the United States. It also means that our exports too are increasingly restricted to these markets only. We would welcome, and

think we could compete very successfully in a world free of import restrictions—the growth in our exports to other EEC countries from 3.8m pairs in 1970 to 9.2m pairs in 1978 testifies to this. But in practice there is not the slightest chance that significant progress will be made in reducing the barriers...

Trolley bus

From Mr. H. F. Watson. Sir—Mr. Line's letter (July 11) is a pipe dream. All the authorities running trolley bus services destroyed them some years ago. It was the most suitable form of urban and city transport so far invented. However, the oil lobby made sure that we have now to suffer the stinking diesel bus. The city air is often blue with the smoke, not to mention the noise, from these obnoxious vehicles.

Wimbledon

From Mr. R. Tait. Sir—In his comments on Wimbledon (July 9), John Barrett asks for an improvement in the standard of officiating. Surely the time has come to let the micro-chip take the strain. Television cameras linked to a device which could identify a tennis ball and the lines of the court in relation to one another would soon displace linesmen. How apt it would be if the country which invented both tennis and the computer should produce something which put an end to the petulance which so often spoils the championship. R. Tait, Four Winds, Pebble Hill Road, Betchworth, Surrey

Architecture

From the Chairman, Association of Consultant Architects. Sir—While I agree completely with Mr. Noel-Baker's plea (July 11) for the restoration of educational grants for British students to the Architectural Association School of Architecture, I feel bound to take issue with him over his description of the state of contemporary British architecture. If Mr. Noel-Baker were to visit the current exhibition at the

Cars

From Mr. W. Martin. Sir—Oil producers see the Governments of most of the

industrial nations creaming off, through high duties and tax a substantial slice of consumer spending on oil fuels. Quite rightly the oil producers must argue, why should they provide the basis for these high revenues for the tax coffers of other Governments?

What is happening in effect, is that user Governments are getting the pace of price increases that consumers are prepared to pay. The response of the oil producers is to say, "thank you very much for showing us that we can now put our prices up even more!"

The correct remedy to save oil imports lies in doing the opposite to what is currently practised and providing higher duties or taxation should be put, not on the fuel itself, but on the vehicles or equipment using oil. In the case of cars, the annual road duty should be raised substantially, probably starting with £200 a year or more for a small car and rising progressively for large ones. Petrol and other fuels should not be taxed at rates higher than other commodities. At the same time cars should no longer be allowed as a business perk.

What would be the effect of such changes? There would probably be a fall in car ownership and a shift towards car hire and greater use of public transport. There would be a considerable reduction in road congestion, itself a major source of fuel waste, and a substantial improvement in public transport facilities. A much more effective use of resources would result from a larger car hire industry, since vehicles would be more intensively used than they are at present. The number of cars in use would fall and here again there would be substantial energy and raw material savings in all areas of transport expenditure.

There is not space here to consider the full implications of such changes in taxation policy. Possible employment in the motor industry, clearly an important factor, but given the high level of imports, much of

this would be an overseas problem. At the same time, there should be a notable revival in public transport and in motor services with a proportionate rise in employment in these sectors. W. H. Martin, Lin. Grouse, Foxcote, Sudbury, Suffolk.

Creditors

From the Secretary Institute of Credit Management. Sir—We are pleased that Sir Kenneth Cork, our President, who is Chairman of the Insolvency Law Review Committee, is to investigate an enquiry into the Crown's right of "set off" in far too many liquidations, the Crown has been able to jump the queue of unsecured creditors, by setting off, for instance, amounts due to the insolvent company for work done on Admiralty contracts against outstanding PAYE without having to prove mutuality of dealing, which is the basis upon which a right of "set off" exists. The Institute hopes that something will come of this to enable the "set off" to be limited, at least to the same Departments of the Crown. P. A. E. Dumas, 12 Queen's Square, Brighton.

Accountancy

From Mr. W. Rowland. Sir—I refer to your accounting supplement (July 3) and in particular to Michael Dixon's article headed "Hurdling the exams." I think it is most unfortunate that he should rely on the "opinion" of the private colleges for views as to whether or not the professional accountancy bodies have got the "qualifying process" right. Surely the people to ask are the users and not the academics. Among my accountancy colleagues at work are English and Scottish CAs, cost and management accountants and certified accountants and we are happy to have the certified accountants examinations as the prime source for our qualified accountants as we believe that those exams do provide practical grounding for modern day financial and management accountancy. W. R. Rowland, 5, Buntingham Avenue, West Kirby, Wirral, Merseyside.

Architecture

From the Chairman, Association of Consultant Architects. Sir—While I agree completely with Mr. Noel-Baker's plea (July 11) for the restoration of educational grants for British students to the Architectural Association School of Architecture, I feel bound to take issue with him over his description of the state of contemporary British architecture. If Mr. Noel-Baker were to visit the current exhibition at the

Royal Academy he could not fail to be impressed with the richness and variety of architecture currently being produced by British architects. J. M. Austin-Smith, 40-42, Lexington Street, W1.

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£100,000 plus annually to one major London event (this year the 'Post-Impressionist' exhibition at the Royal Academy) and to the European Community Youth Orchestra at the international level; the Midland Bank, which continues its help for the Covent Garden Proms; and W. H. Smith, which has come in recently with a concentration on children and the literary world.

Other banks and insurance companies are also active, especially the National Westminster and the Commercial Union helping Covent Garden, the main beneficiary of industrial aid. Even so only around £300,000 of its £105m turnover derived from this source, and there are still production and forthcoming seasons which need business money.

Differing policies

The distinction between patron and sponsor in the arts remains blurred. There are some companies, like Marksand Spencer and the John Lewis Partnership, which support artistic events but expect little recognition. At the other extreme Lambert and Butler has taken over from its associate company W.D. & H.O. Wills the sponsorship of the recordings of the London Philharmonic Orchestra under the Classics for Pleasure label. With total sales so far of around £2.5m, the investment produces a royalty which can meet the cost, although this is once again ploughed back into the orchestra. Harvey's is attempting a similar operation with RCA, and English music.

Although there are many opportunities for arts sponsorship—fine art, architecture, jazz, literature and the theatre are still largely ignored while music, opera and ballet attract most of the attention—the economic climate may deter companies from making a commitment, which should always be long term. At least arts organisations are starting to realise that a sponsor needs a return in publicity as well as bringing the artists into close contact with the staff, customers, or suppliers of the industrial supporter. There will always be the arm's length approach of underwriting an opera as a token of good will, but in the future the consultants and the marketing men will be involved in trying to evaluate the return on the investment under a long list of headings. It is unlikely that the personal income tax cuts at the highest levels will bring in many private patrons but the need for business to show itself as socially responsible must, in the long run—and given some eventual improvement in the economy—ensure that commerce as a junior partner with the Arts Council will play its part in maintaining the position of Britain in the arts.

Trust Schroder Wagg advertisement. Features large stylized logo and text describing investment services, including the Schroder General Fund, Schroder Capital Fund, and Schroder Europe Fund. Includes contact information for the firm.

Handwritten Arabic text at the bottom right of the page.

UK COMPANY NEWS

Thorn finishes at £118.1m after static second half

A STATIC second half has left Thorn Electrical Industries with taxable profits ahead of £110.3m to £118.1m for the year ended March 31, 1979. External turnover was £1.21bn compared with a previous £1.09bn.

operations during the year totalled £188.4m against £162m last year, and capital expenditure came to £137.5m (£131.8m).

The chairman says there is an improvement in overseas results despite the strength of sterling. The directors are laying the base of a much expanded international business, particularly in the television rental subsidiaries and selective acquisitions in engineering.

Shipping side leaves Ellerman well down

Shipping side leaves Ellerman well down. A slump from £4.07m to £745,000 at the half-way stage, Ellerman Lines finished 1978 with taxable profits more than halved from £2.3m to £3.7m. Turnover rose to £187m, against £163.1m.

Town and City cuts deficit

Town and City Properties, which ran into serious problems with the collapse of the UK property market in 1973-74 is continuing its slow recovery with pre-tax losses last year further reduced to £13.9m.

BIDS AND DEALS Reed Intl. sells S.A. subsidiary

Reed International is progressing with its detachment from South Africa. Yesterday it announced the sale of its South African stationery manufacturing operations to the Dickinson Robinson Group for £2.8m.

Bank has been completed following the necessary Government approvals. Agreement was reached on June 1 for the purchase of ASR, the finance company subsidiary of Associated Securities. With headquarters in Sydney, ASR operates throughout Australia and has a staff of over 400.

Hay's Wharf £4.78m rights to help support expansion plans

Proprietors of Hay's Wharf, the shipping to property group, yesterday launched a £4.78m rights issue to help support its £17.5m expansion programme.

The group had already earmarked £9m to be spent largely on its marine facilities division which is buying four new small coasters and four coastal and estuarine tankers.

of industrial unrest, such as experienced last winter, the prospects for the group's trading divisions next year appear good—with recent acquisitions making a full-year contribution to profits for the first time.

Marston goes ahead to £4.5m

WITH second-half profits virtually static, the taxable surplus of £4.5m (£4.3m) for Marston and Evered's brewer, edged ahead from £4.1m to £4.5m in the year to March 31, 1979, on higher turnover of £26.5m, against £24.96m.

Turnbull Scott losses increase to £2.2m

Turnbull Scott Shipping suffered pre-tax losses of £2.2m in the period from February 1, 1978 to March 31, 1979 on turnover of £9.75m. In the previous year the group turned in taxable losses of £1.17m on £6.8m turnover.

Pentos agreed offer for Caplan Profile

Pentos, the publishing, construction and leisure group, has made an agreed bid for Caplan Profile, the office furniture and expanded polystyrene manufacturer. Before the announcement of the bid the deal placed a value of £7m on Caplan.

Its half year results for the six months ending in February 1979 showed pre-tax profits of £1.1m (£1.4m) on turnover of £11.5m (£11.4m). UK companies including exports: consumer electronics £68.6m (£62.2m); domestic appliances £19.6m (£18m); lighting £1.4m (£1.2m); and engineering £12.5m (£14.1m).

Results due next week

In a fairly busy week for company announcements, Rank and Gestetner will be showing how the office equipment has performed over a difficult trading period.

Analysts are expecting a dull first half from the Bank Organisation, which announces interim figures on Monday. A modest performance has been shadowed by the chairman in his annual statement and estimates range from £60m to £65m with much of the difference accounted for by varying currency benefit predictions.

This year has been one of consolidation for Distillers, which announces preliminary results on Thursday, and pre-tax earnings should have risen only slightly faster than inflation. Analysts are expecting between £180m and £184.5m last year. The group has benefited from recent price rises in Britain and the U.S. but some of this will be offset by the impact of sterling's firmness on export margins.

should again make a solid but unimpressive return and there is some impetus for growth in the reorganised metal sector.

A. B. Foods on target at end of first quarter

After again setting its budgets for real profit growth all major divisions of Associated British Foods were on target at the end of the first three months, chairman Mr. Garry H. Weston told the annual meeting.

ICI acquires options for Robintech stake

ICI Americas Incorporated, a U.S. subsidiary of Imperial Chemical Industries, has acquired options to buy a 32 per cent interest in Robintech. The shares will be acquired from Bradford G. Corbett, Robintech chairman, and five other stockholders, all of whom are directors, and from Chemische Werke Hüels AG of Marl, West Germany, which holds 19 per cent of Robintech.

Robintech also said it is completing talks with ICI on a long-term contract by which ICI will supply part of Robintech's annual vinyl chloride monomer and polyvinyl chloride resin requirements.

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year, Int. This year. Lists companies like Allied Colloids, Alliant London Properties, Associated Leisure, etc.

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year, Int. This year. Lists companies like Unigate, Viatex, Wallis Fashion Group, etc.

PMA profit forecast

PMA Holdings, which is making an agreed bid for Harris Lebus, has estimated pre-tax profits of £40,000 for the year to March compared with £173,000 for the previous 12 months.

County Council concerning the future of the south docks have now reached an advanced stage, but the company says it is still too early to say what the outcome may be.

Debenhams sales up 15% after pre-Budget boost

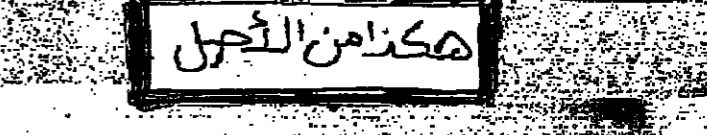
The group had been criticised in the past about its policy of entering into sale and leaseback transactions on certain trading properties, the chairman said.

Rowlinson planning £2.5m sales to peg borrowing

A NUMBER of sales are planned by Rowlinson Construction Group which should benefit both profits and cash flow, says Mr. P. J. Rowlinson, the chairman.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Current dividend, Total dividend. Lists companies like Associated Leisure, Astra Industrial Group, etc.



WORLD STOCK MARKETS

Wall St off another 3.33

INVESTMENT DOLLAR... Effective 22.290 81% (111%)... THE DECLINE continued in active trading on Wall Street yesterday...

up to 50 pennies while Bundesbank... up to 50 pennies while Bundesbank... and Oils were mixed...

and Oils were mixed... Mechanical Engineers steady... Foreign shares also eased...

NEW YORK

Table of New York stock market data including Dow Jones, S&P 500, and various sector indices.

STOCK

Table of individual stock prices and changes in the New York market.

STOCK

Table of individual stock prices and changes in the London market.

STOCK

Table of individual stock prices and changes in the Canadian market.

Indices

Table showing various market indices like NYSE, Dow Jones, and S&P 500.

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Table showing various market indices like NYSE, Dow Jones, and S&P 500.

FRIDAY'S ACTIVE STOCKS

Table listing active stocks and their prices on Friday.

RACING

BY DOMINIC WIGAN... Haul Knight to win the Magnet Cup...

GERMANY

Table of German stock market data.

AUSTRALIA

Table of Australian stock market data.

PARIS

Table of Paris stock market data.

STANDARD AND POORS

Table of Standard and Poors indices.

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PARIS

Table of Paris stock market data.

F.T. CROSSWORD PUZZLE No. 4021

A prize of £5 will be given to each of the senders of the first three correct solutions... Crossword puzzle clues and grid.

Crossword puzzle grid with clues for Across and Down.

FRIDAY'S ACTIVE STOCKS

Table listing active stocks and their prices on Friday.

RACING

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GERMANY

Table of German stock market data.

AUSTRALIA

Table of Australian stock market data.

PARIS

Table of Paris stock market data.

ACROSS

- 1 Carry off sailor over Channel (6)
2 Completely sealed appearance by drunk (8)
3 Football team likely to be 'armful' (7)
4 Smarter kind of time-server (7)
5 Blow the direction indicator (4)
6 Reason singer has instrumental accompaniment (6,3)
7 Tidy returning interjection by sponge (6)
8 Take a holiday? You don't say! (3,4)
9 Grow quickly to scare off ram (5,2)
10 Way artist thanks the lavers (6)
11 Stagger one fish with another (4,5)
12 They bit of a festival (4)
13 Out of play and close to impasse (4,3)
14 Old boy returns flower to line-shooter (7)
15 Biography family used as aid to survival (4,4)
16 Old Bob comes in to condemn notice (6)

DOWN

- 1 Drink well supplied in Eden (5, 3)
2 Wiper with which to thwart clergy (4,5)
3 Swindle youth leader with rabbit (4)

SOLUTION OF PUZZLE No. 4015

Following are the winners of last Saturday's prize puzzle. Mr. J. B. S. Atwood, 7 Sutherland Way, Cuffley, Potters Bar, Herts EC.

SPAIN

Table of Spanish stock market data.

BRAZIL

Table of Brazilian stock market data.

MILAN

Table of Milan stock market data.

OSLO

Table of Oslo stock market data.

VIENNA

Table of Vienna stock market data.

JOHANNESBURG

Table of Johannesburg stock market data.

STOCKHOLM

Table of Stockholm stock market data.

AMSTERDAM

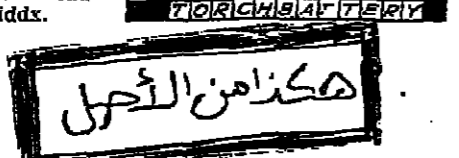
Table of Amsterdam stock market data.

BRUSSELS

Table of Brussels stock market data.

INDUSTRIAL

Table of industrial stock market data.



Winn's end German bid talks

Winn's end German bid talks... The bid for the German magazine publisher's assets...

First half losses trimmed at Scandinavian Airlines

First half losses trimmed at Scandinavian Airlines... The airline's first half performance...

Growth maintained at Kohler

Growth maintained at Kohler... The printing and packaging company's performance...

Volkswagen denies offer for Chrysler in Argentina

Volkswagen denies offer for Chrysler in Argentina... The German carmaker's stance on the deal...

U.S. offer for Comex rejected

U.S. offer for Comex rejected... The French government's response to the offer...

Italian diesel reorganisation

Italian diesel reorganisation... The restructuring of the Italian diesel industry...

Airline bid in prospect

Airline bid in prospect... The potential acquisition of Hughes Air...

Cominco profits rise strongly

Cominco profits rise strongly... The mining company's financial performance...

Sharp advance for Takeda

Sharp advance for Takeda... The pharmaceutical company's stock performance...

Court rules in favour of former bank chief

Court rules in favour of former bank chief... The legal dispute over the former chief's position...

McGraw-Hill and Data Resources in merger pact

McGraw-Hill and Data Resources in merger pact... The terms of the proposed merger...

Brazil to raise foreign loans

Brazil to raise foreign loans... The Brazilian government's financial strategy...

COMMODITIES/Weekly review

Lead prices plummet

Lead prices plummet... The sharp decline in lead prices and market analysis...

MARKET REPORTS

BASE METALS

BASE METALS... Market reports for copper, zinc, and other base metals...

WHEAT

WHEAT... Market reports for wheat and other grains...

AMERICAN MARKETS

AMERICAN MARKETS... Summary of market activity in the US...

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like metals, grains, and oil.

COCAOA

COCAOA... Market reports for cocoa and other foodstuffs...

SILVER

SILVER... Market reports for silver and other precious metals...

RUBBER

RUBBER... Market reports for rubber and other commodities...

Table with financial indices including Dow Jones, S&P 500, and other market indicators.

FINANCIAL TIMES REPORT

Saturday July 14 1979

BRANDY

Market
picks
up
again

By David Churchill

THE POPULAR image of the brandy drinker is one of senior army officers and country gentlemen taking brandy in the library.

Next to this image is the equally common view that brandy is drunk by expense-account businessmen after lavish restaurant meals.

But the reality as shown by market surveys is that brandy is very much a universal drink—imbibed with as much fervour by the shipyard worker or coal miner in his northern club as the executive in a West End restaurant.

Moreover, brandy is no longer exclusively a male preserve: women drinkers account for nearly half of brandy sales. And younger people are also switching to brandy and a mixer as a "new" drink.

It is this changing market profile—alleged to the improvement in living standards in the late 1970s—that has restored buoyancy to the brandy market. Indeed, the brandy business looks like ending the decade in a much more healthy position

than had seemed possible only a few years ago when the combination of economic recession and duty-increases severely cut back growth.

Now, however, the brandy industry is looking forward to the 1980s as a period of real growth in the UK market as well as the continued exploitation of overseas markets, especially the Far East and now China.

Customs and Excise figures show that, in 1978, brandy consumption was up substantially on previous years. Cognac sales were up by a quarter on 1977, with the cheaper grape brandies selling at least a fifth more.

Overall, the picture for brandy sales is one of steadily rising demand in the early 1970s, which reached a peak in 1973-74. This was followed by a sharp cut-back in the mid-1970s as the recession bit into consumers' pockets, and since then the market has gradually recovered. Cognac sales by volume are now marginally higher than the early 1970s, but the growth of grape brandies has seen their sales treble throughout the decade.

Brandy is basically a grape wine which has been distilled—but within this broad definition lie three main types of brandy. There is cognac from the Charente region near the coast just north of Bordeaux; armagnac which comes from southwest France below Bordeaux; and grape brandy which can be made in other parts of France where it does not qualify for the titles of the first two regions. There are also grape brandies from Italy, Spain, Germany, California, Australia and many other countries, as well as the different fruit brandies.

The origin of brandy stems from the 14th and 15th centuries and it was probably the first spirit to be exported on a large

scale. The port of La Rochelle was a flourishing trade centre. The English and the Dutch brought wood, salted fish and furs in exchange for the local salt—considered the best in the world—and the local wine.

As the art of distilling spread throughout Europe, the French wine producers experimented with their wine and found that distillation produced a fine-flavoured spirit. Moreover, the distillation process meant that the equivalent of nine barrels of wine went into one barrel of brandy—thus making it economic to export.

Popular

The French called their distilled wine "eau de vie" but the Dutch traders preferred to describe it as "brandwijn" or burnt wine. From this, the English called it brandewine which eventually was shortened to the word brandy.

Armagnac is said to have been the first to produce high quality brandy—with evidence claiming its production as far back as 1411. Cognac is said to have started in the 17th century.

Cognac, however, is by far the most popular brandy although its share of the UK market has slipped throughout the 1970s.

In 1972, some eight out of every 10 cases of brandy contained cognac, while now only about two-thirds are cognac. The cognac market has been eroded by the price differential with Armagnac and other grape brandies, which have become relatively cheaper.

However, cognac is still traditionally thought of as the brandy and is most often served in a pub or restaurant when a brandy is asked for—although an ordinary grape brandy can still legally be served.

Most often a pub will push the brand distributed by the tied brewer. In the cognac market, Allied Breweries and Whitbread own J. R. Phillips, the UK agent for Courvoisier, the number two brand. Grand Metropolitan owns IDV, the UK agent for Hennessy, while Bass owns Hedges and Butler, UK agent for Remy Martin. Only Martell, the leading brand, is not directly linked to a major brewery through its UK agents, Matthew Clark and Sons.

In the grape brandy sector, Allied Breweries also has links with the leading Three Barrels brand, while Bass has Grand Empereur.

In off-licences, however, there is greater freedom for customers to choose on price and other factors. The Mintel market research company estimates that, while cognac and armagnac have around 95 per cent of the on-licence trade, their share falls to 50 per cent of off-licence sales.

The proliferation of cheaper non-cognac brandies over the past few years has encouraged the wider and more varied use of mixers. But cognac still remains the premier choice of drink to round off a formal meal or restaurant dinner.

Research by Mintel has shown that around 65 per cent of brandy drinkers consume it at home or in someone else's home, while under 10 per cent drank it in a restaurant.

Yet so strong are the traditions about brandy drinking that many consumers—especially middle-class men—are reluctant to admit that they add soft drinks to brandy. It is almost seen as an admission of poor taste, showing a lack of discrimination.

Surveys have shown, however, that some 60 per cent of brandy

drinkers do mix their drink at some time, the proportion being slightly lower among confirmed cognac drinkers but significantly higher among those who choose to drink the grape brandies. Some brandy drinkers even buy cognac for drinking neat and grape brandies for mixing.

Various mixes are used, with lemonade, ginger ale, and water being most commonly used. Water, in fact, was almost exclusively used by the over 45s, according to Mintel's research.

Women are more likely to mix brandy than men, the young more likely than the old, the infrequent drinker more than the habitual drinker, and the new drinker rather than the established.

The main reasons for mixing are that brandy becomes part of a long drink and also that it dilutes what is considered to be a drink high in alcoholic strength. It is also noticeable that those more willing to mix are less likely to be bound by the traditions and mystique surrounding brandy. Thus orange-ade, cola and grapefruit juice are among mixers used with brandy.

However, ginger ale and dry ginger remain the most popular mixers, but more unusual and expensive combinations are becoming increasingly popular. Babysham, in particular, is a significant mixer with brandy especially among women brandy drinkers.

Brandy advertising is mainly in the Press and on posters, with direct television advertising banned by voluntary agreement. Mintel estimates that in 1977 total brandy advertising in the Press amounts to almost £1.5m, with all but £250,000 spent on cognac advertising.



The distiller's job in producing cognac is still an art rather than a science. Here a Courvoisier distiller samples the initial product of distillation.

The tone of the advertising is generally aimed at maintaining an image of brandy—while not a drink solely for country gentlemen any more, still as a drink with a unique taste and flavour. One advertising man even quotes Dr. Samuel Johnson's dictum on drinking (to Boswell): "Claret is the liquor for boys, port for men... but he who aspires to be a hero must drink brandy."

U.K. BRANDY CONSUMPTION, '000 proof gallons

	Cognac	Other
1974	1,834	757
1975	1,552	758
1976	1,631	826
1977	1,428	787
1978	1,728	898

Source: Customs and Excise.

After 246 years of active trading, we still find ourselves in the same position.

J & F. Martell. No. 1 in Britain since 1733.

هكنا من الأجرل

Marketing effort for armagnac

THE producers of armagnac, land-locked in Gascony away from the navigable rivers and ports so vital to success in export markets, have long lived in the shadow of their better-placed brothers in the Cognac region.

And although they proudly claim that armagnac was the first potable wine-based spirit to be distilled in France—200 years before cognac, they say—they were unable to make any efforts to distribute it very far beyond their region until the middle of the last century, when canals and roads began to open up the country around them.

Demand in France is tripping along nicely. From 338,000 cases in 1975-76 sales climbed to 419,000 in 1977-78. Growth in overall exports have been moving steadily recently at an average annual rate of about 7 per cent to 264,000 cases in 1978.

In Britain there are about 20 shippers, with the Janneau and Sempé brands between them taking almost 60 per cent of the market. All are building sales on a high-quality image, anxious to fix armagnac's identity as positively separate from that of cognac and especially to set it well apart from the ordinary grape brandies on sale here.

Armagnac is widely regarded as a connoisseur's drink, and even though the different blends are generally cheaper than comparable cognacs, its quality associations enable it to sell at a premium in restaurants, which account for 60 per cent of all UK consumption.

In developing the product's style much is made of its historical links and the superiority imbued into the liquor by the tales of its fortification of the rapier-arm of d'Artagnan, the most notable Gascon in history and legend.

As for its peculiar attractions among the cognoscenti of the spirit world, armagnac is said to be more "typed," more fruité and more refined than its competitors, although the Larousse Gastronomique suggests it has a flavour little different from that of cognac.

While the grapes from which it is produced are similar in most ways to those grown for cognac manufacture, the distillation process differs and the key maturing process is carried out in special casks made from local black-tanned Gascony oak.

Although not much known at the fashion-conscious younger end of the drinks market either in France or in its growing export markets, the spirit is soundly based in what might be termed the gastronomic establishment. There it appears to have the best chance of expansion as one of the other speciality brandies in competition with the all-powerful cognac.

More than half of exports go to West Germany; but there has been a startling increase in sales to Britain. A generic advertising campaign in the early 1970s gained a toe-hold for distributors and now individual producers and merchants are starting to build on that.

At the end of the 19th century, when the growers were at the height of their prosperity, about 100,000 hectares were planted with the characteristic vines—including a large proportion of the better-known *jolie blanche* of the Charentes.

Then it was all swept away. The whole area was all but destroyed by the ravages of the phylloxera pest, and little was done to rebuild the industry until the end of World War II.

Even then only 50,000 hectares of vines were reinstated. Further disruption followed during World War II, and by the end of it the vine area was only 53,000 hectares.

Still the troubles were not over. While average wine yields remained relatively stable in the post-war years, distillation of the wine into armagnac fluctuated wildly under commercial and economic pressures.

In the 1949-50 season (the crop year runs from September to August) spirit output in the region was less than 2,000 hectolitres compared with 45,000 hectolitres in 1944-45.

The general instability made it impossible for stocks to be maintained properly. Because all brandies have to be aged it is essential that normal end-of-season reserves should be maintained at about five times annual sales.

Recovery really got under way in 1962 when the fruits of a succession of more satisfactory grape harvests com-

Climbed

In the 1975-76 marketing year Britain imported 12,148 cases. In 1977-78, the latest for which figures are available, imports had climbed to 25,560 cases and Britain now takes about 10 per cent of all exports from France.

UK marketing experts, optimists all, reckon that if they can keep up their efforts, development of the British market could ultimately boost sales here as high as 100,000 cases a year. St Michel Janneau, one of the most successful suppliers in the British market, with a generally acknowledged market share of around 30 per cent, is more circumspect.

He shrugs at such suggestions, preferring to take each year as it comes. There are other and possibly more fruitful markets to be worked on around the world, and prospects in all of them have to be weighed carefully one against the other. And it must not be forgotten that the limited promotional capacities of this relatively small-scale industry are no match for those of "Big Brother" in Cognac.

It is not easy for such a small brotherhood as the armagnac producers to maintain a full-scale watch on world markets. They have to be careful to maintain reserves to match growth in sales, and the important home market must not be neglected.

Christopher Parkes



Above: Cognac is matured in casks made of oak from the Limousin forests. Right: Martell's distillery in Cognac.



Cognac keeps its popularity

ALTHOUGH THE dominance of cognac in the UK market may have been eroded in recent years by some consumers switching to cheaper grape brandies, there can be little doubt that brandy produced from the cognac region of France is still the most popular.

The UK is the largest market for cognac outside France, with some 17.7m bottles imported into the UK last year, representing a 10 per cent increase on the year before. However, the UK's position is being challenged by the US, which increased its cognac consumption by a quarter last year to reach 14.8m bottles.

The secret of cognac's worldwide popularity lies in a number of factors, including the strict legal controls on its production, the chalk in the soil, the maturing in casks of Limousin oak, the skills of the distillers and the unusual grapes used which make a poor white wine but an exceptional brandy.

Only brandy produced within a strictly defined area—the Charente region near the coast just north of Bordeaux—can be described as cognac. The boundaries were last defined in 1909 and practically correspond to the geographical extent of the two departments of the Charente and the Charente Maritime. The boundaries include seven crus, or areas, which form concentric circles around the heart of the region, the city of Cognac.

must, and the must is then put into vats, where after fermentation it becomes wine.

Distillation is carried out under supervision of the Excise authorities. The wine is distilled either by the farmers themselves or, as happens more frequently nowadays, by the great brandy houses or their representatives.

As with most whisky, the cognac produced has a pot still which must conform to legal requirements. The apparatus that is used in the Charentes has not altered throughout the ages. It has a strong resemblance to the chemist's still of the Middle Ages.

The distillation of cognac is done in two stages—or chougées. When the fermentation is over, the wine is put into the still and then boiled. The vapour passes through the swan-neck pipe and is then condensed by means of a water-jacket and flows into the form of brandy. The brandy then goes through the still again and what comes out is called *la bonne chaise*.

the forests of Limousin or from the centre of France; notably the forests of Tronçais. Over the years, the cognac extracts the tannin from the wood during the process of oxidation which takes place through the pores of the wood, and loses some of its volume as well as its strength.

This evaporation, which is poetically known as the "angel's share," represents a loss in any one year of more than 4 per cent of the stock. It is during this ageing period in the warehouses that the change takes place from a strong and colourless liquid into a liqueur with an amber colour. Unlike wine and champagne, which age in bottle, cognac only ages in oak casks in warehouses built at ground level in order to undergo the seasonal variations of weather and temperature.

Cognac cannot age indefinitely, and after 60 years in a barrel, it runs the risk of losing part of its qualities. Cognac, after being bottled, no longer ages.

Control To ensure the consistent quality of cognac, all production is subject to control through the Bureau National du Cognac. Cognac quality is split into three main grades: the three-star brandy, the Very Strong Old Pale (VSOP) and higher qualities which have various names.

forms more than 85 per cent of the trade.

The clear market leader in the UK is the Martell company. The Martell family was founded in Jersey, near St Helier, in the 11th century but it was in 1715 that Jean Martell left Jersey to found the company in Cognac. Since the time of Jean Martell, eight generations of the same family have contributed to the company's growth.

Although no official market share figures are given for cognac sales in the UK, unofficial estimates suggest that Martell is the clear leader with some 40 per cent of the market, with Courvoisier in second place. Then Remy Martin and Hennessy vie for third place, with a number of much smaller brands making up the rest of the market.

Martell is the only major UK brand that is not directly linked to a leading brewery group. Its UK distributors are Matthew Clark and Sons. Apart from three-star Martell cognac, the Martell range includes Medaillon 15-year-old V.S.O.P., the 30-year-old Cordon Bleu, the 50-year-old Cordon Argent and the 60-year-old Extra.

Martin the edge worldwide in total cognac sales. Hennessy's UK agent is International Distillers and Vintners, owned by Grand Metropolitan. There are a number of other brands on the UK market such as Hine and Bisquit, Gaston de La Grange.

The City-based commodity dealers, E. D. and F. Man (Victuals) has recently acquired the UK agency for Camus cognac.

Although cognac exports represent more than 80 per cent of total sales, the French market remains number one. The UK is second, with the U.S. third, although the EEC countries together account for more than 50 per cent of sales. Germany is in fourth place with nearly 10.1m bottles last year (up by 14 per cent).

Luxembourg, which has only a modest aggregate consumption of cognac, is still the leader in brandy consumed per capita.

Cognac producers are very concerned to tell people that brandy has medicinal qualities as well as being a pleasant drink.

Moreover, Martell reminds "those who are tempted to include cognac in their general anathema against alcohol that a brandy whose quality is more in its aroma than in its strength and whose charm is mainly for an educated palate, is unlikely to intoxicate."

Martell adds: "It is as improbable that the lover of cognac will become a drunkard as it is that the drunkard will become a lover of cognac."

David Churchill

Grape brandies doing well

MENTION GRAPE brandy to a cognac importer and his eyes tend to glaze over. His reaction is not altogether without reason, since some of the concoctions distilled from nameless ingredients and with the addition of all manner of flavourings and colourings are sufficient to give a nasty shock to the strongest of palates and might well be better employed in the fuel tank of a motor car.

But even the cognac aficionado might be prepared to admit that the better grape brandies are a challenge in quality to the lower grades of cognac—while being considerably cheaper.

The terms "grape" or "other" brand are used to refer to spirits produced anywhere in the world except Cognac and, depending on your standpoint, Armagnac. The title "grape" brandy suggests that the spirit should be a result of distillation of the products of the vine, although this is often taken in the loosest sense, much

grape brandy being made from the last pressings which include the grape skins, stalks, pips, etc. And the term "other" brandy includes the many fruit spirits distilled from plums, apples, etc., and including such products as slivovitz and calvados, and other up-market spirits.

In their country of origin many of these products are extremely cheap—as anyone who has bought a bottle of the cheapest range of Dornier's Pundador in a duty-free shop at a Spanish airport will realise. However, since the application of duty on spirits imported into the UK takes no account of any thing but alcoholic content and since duty accounts for over 60 per cent of the price in the UK, it means that many of the cheaper grades (the "cooking" brandies that can be found in Greece, Spain and other countries) would simply not hold their own in the British market when priced at £4.50 to £5. To this degree at least the cognac shippers may be said to

have an advantage, in that the UK market cannot be flooded with very cheap brandies.

So, what we see in this country are the better grape brandies, which are able to compete at around the same price as gin, scotch and vodka, and which in the past few years—largely because of the price differential—have made some inroads into the traditional cognac market. Indeed grape brandies have been one of the most dynamic growth areas during the past decade, although, as in other areas of the drinks market, this growth is hard to chart statistically—in this case because figures on grape brandy and cognac were not separated until 1975.

UK imports of "other" brandy last year stood at 1.03m gallons proof spirit compared with 1.97m gallons of cognac, roughly a 2:1 ratio, a ratio which becomes 5 to 1 when measured in value terms. Consumption figures for 1978 show other brandy to have rather more than a third of the market.

Swan. United Rum reports a 40 per cent rise in sales of Bardinet Napoleon during the first half of this year.

The market leaders are all French brands, but among the other brandies available in the UK are those from Italy, South Africa, West Germany, Spain, Greece, the U.S. and various other countries.

The pattern of brandy sales in the UK is absolutely clear. Cognac is sold roughly 50:50 in pubs and restaurants and through off licence sales, while other brandies are almost entirely sold through the off licence and wine shop trade. When you order a brandy in a pub you will almost invariably be given a cognac, and this is not an area in which the grape brandy producers have felt the need to make any sort of challenge. Instead they have built their sales growth on the fact that the person buying a bottle of brandy may be put off by the £7 or more that he will now have to pay—particularly if it is going to be mixed with cola, ginger ale or bitter lemon, where the difference is likely to be indistinguishable.

At present, grape brandy appears to be one of the most confident sectors of the drinks industry, a confidence that is reflected in the imminent UK launch of a Mariacron brand, produced by Peter Eckes in Germany and currently Europe's top selling brandy, whose marketing in this country will be handled by the Merrydown Wine Company.

Colin Inman

EST. 1919
Reynier Armagnac
J. & W. REYNIER LTD., 10-12 YACHTBROOK ST., LONDON SW1V 1SL.
TEL. 01-834 8176

JANNEAU ARMAGNAC IS AN ORDINARY FRENCH BRANDY
AS PÂTE DE FOIS GRAS TRUFFÉ IS AN ORDINARY FRENCH SANDWICH SPREAD
Janneau Grand Armagnac Ordinaire it is not

CAMUS NAPOLEON
La Grande Marque
Internationally recognised as a major Cognac house, Cognac Camus sells in 131 countries worldwide.
UK Main Agents
E. D. & F. Man (Victuals) Ltd., Sugar Quay, Lower Thames Street, London EC3R 6DL. Tel. 01-526 5785. Telex: London 885431.

APPOINTMENTS

Roy Ling takes over as head of Belhaven

Mr. Roy E. Ling, managing director of BELHAVEN BREWERY GROUP, has taken over as chairman of the group...

Mr. J. H. Wood, secretary of John Laing, the parent company, has joined the board of John Laing International.

Mr. R. W. Cameron has been appointed a director of WILLIS FABER AND DUMAS.

Mr. Gordon Davidson has been appointed to the full-time post of general manager, associated companies, BRITISH CALEDONIAN.

BRITISH FUNDS (66)

Table listing various British funds with columns for fund name, value, and other details.

BANKS (103)

Table listing various banks with columns for bank name, value, and other details.

Stock Exchange dealings

Table showing stock exchange dealings for various dates from Thursday, July 12 to Friday, July 6.

The list below gives the price at which bargains were done by members of the Stock Exchange...

Members are not obliged to mark bargains, except in special cases, and the list cannot be regarded as a complete record of prices...

Table listing various companies and their stock prices, including Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

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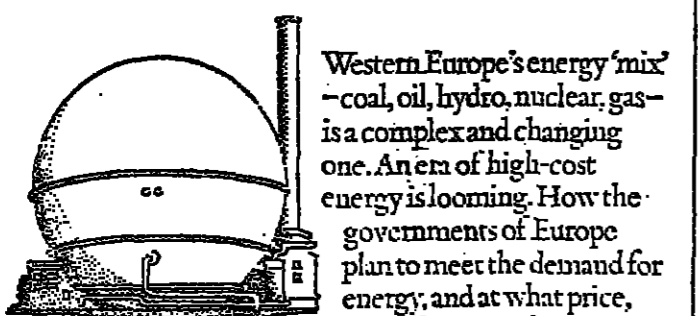
Table listing various companies and their stock prices, including Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

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Financial Times European Energy Report

A chance to get the answers to Europe's energy problems.



Western Europe's energy mix - coal, oil, hydro, nuclear, gas - is a complex and changing one.

governments of Europe plan to meet the demand for energy, and at what price, will affect every business and individual in Europe - and many throughout the world.

Planning and decisions therefore call for constant access to a wide range of up-to-date, accurate information on energy programmes and their implications.

BREWERS (118)

Table listing various breweries with columns for brewery name, value, and other details.

COMMERCIAL (1,969)

Table listing various commercial entities with columns for entity name, value, and other details.

INTL. BANK (1)

Table listing international banks.

COMPANIES (26)

Table listing various companies.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

SHORT DATED BONDS

Table listing short dated bonds.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

PUBLIC BOARDS (16)

Table listing public boards.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

REGISTERED AND INSCRIBED STOCKS

Table listing registered and inscribed stocks.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

FOREIGN STOCKS (1)

Table listing foreign stocks.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

STERLING FOREIGN CURRENCY BONDS

Table listing sterling foreign currency bonds.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

FOREIGN CORPS. (1)

Table listing foreign corporations.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

CINEMAS

Table listing cinemas.

FREE OF STAMP DUTY

Table listing companies that are free of stamp duty.

Primary school 'built to save fuel'

Financial Times Reporter THE CHURCH OF ENGLAND is to build a primary school in the West Midlands specifically designed to save fuel.

SINGAPORE

Table listing various companies and their stock prices in Singapore.

Subscription form for Financial Times European Energy Report.

Signature and address information for the subscription form.

Subscription form for Financial Times European Energy Report.

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Table of financial data including company names, stock prices, and market indices.

RULE 163 (1) (e) - Bargains marked in securities which are listed on an Overseas Stock Exchange.

Table of financial data for Rule 163 (1) (e), listing various companies and their market values.

RULE 163 (2) (a) - Applications granted for specific bargains in securities not listed on any Stock Exchange.

Table of financial data for Rule 163 (2) (a), listing securities and their details.

RULE 163 (3) - Bargains marked for approved companies engaged solely in mineral exploration.

Table of financial data for Rule 163 (3), listing companies and their market values.

Table of financial data including company names, stock prices, and market indices.

RULE 163 (3) - Bargains marked for approved companies engaged solely in mineral exploration.

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RULE 163 (3) - Bargains marked for approved companies engaged solely in mineral exploration.

Table of financial data for Rule 163 (3), listing companies and their market values.

Table titled 'LOCAL AUTHORITY BOND TABLE' showing interest rates and bond details for various local authorities.

Table titled 'BUILDING SOCIETY RATES' showing deposit rates and share information for various building societies.

CURRENCIES, MONEY and GOLD

UK MONEY MARKET: Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). The Treasury bill rate rose by 0.1015 per cent to 13.3451 per cent at yesterday's tender...

Table titled 'EXCHANGES AND BULLION' showing exchange rates for various currencies and gold prices.

Table titled 'OTHER MARKETS' showing market data for various commodities and financial instruments.

Table titled 'LONDON MONEY RATES' showing interest rates for various financial instruments in London.

Table titled 'EURO-CURRENCY INTEREST RATES' showing interest rates for various Euro-currency deposits.

Table titled 'CURRENCY RATES' showing exchange rates for various international currencies.

Table titled 'CURRENCY MOVEMENTS' showing percentage changes in currency values.

Table titled 'EMS EUROPEAN CURRENCY UNIT RATES' showing rates for the European Monetary Unit (ECU).

Table titled 'EXCHANGE CROSS RATES' showing cross-exchange rates between different currencies.

Table titled 'UK CONVERTIBLE STOCKS 13/7/79' showing details of convertible stocks in the UK.

Table titled 'UK CONVERTIBLE STOCKS 13/7/79' showing details of convertible stocks in the UK.

Table titled 'UK CONVERTIBLE STOCKS 13/7/79' showing details of convertible stocks in the UK.

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Table titled 'UK CONVERTIBLE STOCKS 13/7/79' showing details of convertible stocks in the UK.

Footnote explaining the methodology for the UK convertible stocks table.

LONDON STOCK EXCHANGE

Companies and Markets

Retail prices arouse inflation worries and bring drab close to Account—New £1bn. short tap stock issue

Account Dealing Dates Option First Declara- Last Account Dealings tions Dealings Day July 2 July 12 July 13 July 24 July 16 July 26 July 27 Aug. 7 July 30 Aug 9 Aug-10 Aug. 21

Generally worse than expected June retail price indices confirming the increasing rate of domestic inflation set the seal on a dull ultimate session of the trading Account in stock markets yesterday. The surprise downturn until January 1 of the retail price indices, but were steady at the cheaper levels prior to the 3.30 pm disclosure of the £1bn issue of Exchequer 3 per cent 1984 caused trading to be halted for the customary 45 minutes and when it resumed the shorts tended to ease further, but longs were maintained at their earlier levels.

Government stocks were also markedly easier with an attempt to rally just before the 3.30 pm close being thwarted by the announcement of a new £1bn short tap issue. The most disappointing influence on Glits and, for that matter, equities too, was the continuing lack of interest in light selling this left prices in both sectors with no alternative but to drift lower and the funds registered fresh falls ranging generally to 3, but more in one or two selected cases.

New-time inquiries in the industrial sections were negligible. The bulk of the day's trade was completed in the morning and comprised small sales from public holders nervous about economic and labour uncertainties. Leading shares made a limited recovery after 3.30 pm, when dealings were allowed without penalty for the Account starting on Monday and the 3.30 pm disclosure of the £1bn issue of Exchequer 3 per cent 1984 caused trading to be halted for the customary 45 minutes and when it resumed the shorts tended to ease further, but longs were maintained at their earlier levels.

British Funds were heading lower before announcement of the retail price indices, but were steady at the cheaper levels prior to the 3.30 pm disclosure of the £1bn issue of Exchequer 3 per cent 1984 caused trading to be halted for the customary 45 minutes and when it resumed the shorts tended to ease further, but longs were maintained at their earlier levels.

Transport 3 per cent 1978/83 sustained the heaviest loss of a full point at 64, while Exchequer 12 1/2 per cent 1984 slipped 1/2 to 41 and Treasury 12 per cent 1985 lost 1/2 to 95 1/2. The low-coupon Exchequer 3 per cent 1982, due to be quoted clean on Monday, was most affected of the shorts and fell 1 to 81 1/2. Nervous selling ahead of possible week-end developments regarding exchange control regulations coupled with professional book-buying brought a reactionary trend in the investment currency market and the premium closed 3 1/2 points lower at 264 per cent. Yesterday's SE conversion factor was 0.8202 (0.8984).

Traded options finished the week on a quiet note, a total of 395 contracts making the weekly average 39 the lowest since early January. Land Securities were the only issue to attract a sizeable business, recording 73 deals. Chris. Moran dull A Press revelation that the findings of a City of London Police investigation into alleged breaches of exchange control regulations by a subsidiary of Charterhouse Moran are soon to be passed on to the Director of Public Prosecutions unsettled Moran shares which fell to a 1979 low of 32p before closing 3 down on balance at 35p. Other insurance brokers were friendly with C. E. Heath 5 easier at 150p and Hogg Robinson, 52p, and Brentnall Beard, 16p, down 3 and 2 respectively. Composites drifted lower and Royals ended 2 off at 330p, sentiment was not affected by disclosure that the company is to follow General Accident's lead and increase its car premium rates for the second time this year from October 1 by an average 11 per cent.

Publicity given to several brokers' circulars ahead of the interim dividend season, which starts next Friday, helped the major clearing banks to move away from the low levels which have ruled earlier this week on concern about a possible sizeable fund-raising call being in the offing. T. G. Lyons hardened 3 to 336p and did Midland, to 366p, while Barclays yardened 3 to 470p. Elsewhere, merchant banks came on offer with Hill Samuel Warrants particularly affected at 175p, down 50.

Breweries ended the account on a quiet note, the leaders drifting narrowly easier. Full-year results left Messrs. T. T. News of the chairman's imminent departure failed to upset Bellhaven, 45p; the annual results have been re-scheduled for August 3. Among Distillers, small buying lifted Highland new nil-paid 2 to 6p premium, but currency influences took their toll on Irish, 10 down at 168p.

Building issues attracted more business than of late, but the trend was usually to lower levels as small sellers predominated.

Housebuilders, a shade easier awaiting the mortgage rate announcement, mostly held at the lower levels, Merratt and Gough Copper cheapening 2 1/2 pieces to 107p and 82p respectively. Royce, however, enjoyed a fair trade and finished a penny firmer at 50p, after 49 1/2. Among Contracting and Construction, Brown and Jackson slipped 3 to 260p and J. Jarvis eased 5 to 128p, but Derek Crouch, still reflecting the £23m opencast mining contract, put on 6 to 152p. Dealers resumed in Burnett and Hallamshire, A at 376p with the close 11 higher

ing preliminary results slightly better than market estimates. Elsewhere, in the Electrical leaders, EMF were depressed further by a broker's sell recommendation and closed 3 down at 101p, after 99 1/2. Occasional offerings and lack of support left GEC 3 cheaper at 345p. Still reflecting disappointment with the recent interim figures, Eurotherm renewed selling and gave up 12 to 315p for a fall of 38 on the week. Rascal came on offer at 123 1/2, along with W. Walford, lower at 253p, while Rotaflex reacted 5 to 42p. Scattered selling was evident

miscellaneous. Industrials, E. Pagaray encountered selling and lost 17 to 238p, while Thermal Syndicate, declined 8 to 125p after comment on the interim results. Reflecting the second-half downturn, BB and EA lost 6 to 80p and United Gas eased a penny to 76p on further consideration of the results. Suspended last month at 215p on news of a bid approach, dealings in Caplan Profile were resumed at 182p following details of the agreed bid from Pentos and ended at the same low after a quiet trade, while Pentos eased 3 to 82p, after 80p.

By way of contrast, W. Gooding, which announced a £12m rights issue on Wednesday, improved 2 to 67p on Press comment and Hensher A found support at 48p, up 5. IC Gas continued firmly at 542p, up 7, for a rise of 3p, the week following the chairman's optimistic remarks about current year trading.

Motor sectors again drifted lower on lack of investment incentive. Arington fell 3 to a 1979 low of 102p while similar losses were seen in Hanger, 7p, Godfrey Davis, 14p, and Heron, 51p. The annual results of the Tuesday. ERF continued dull, giving up 3 for a week's fall of 10 to 85p, while Kolls-Royce shed 2 to 77p.

Falls among leading Properties were usually restricted to a couple of pence. Elsewhere, Crown and City eased 1 to 18p, after 17 1/2, following the reduced annual loss.

Oils on offer Oils remained subdued by recent suggestions that the Government's sale of part of its holding in British Petroleum is near at hand. British Petroleum near at hand, setting at 1.230p for a fall of 5, while Shell also closed above the day's worst with a loss of 4 at 364p, after 360p. Among secondary issues, Ultramar weakened 8 to 300p.

Stimulated afresh by the upward trend in freight rates, Shipping shares passed another relatively active and firm day's trading.

Following recent moderate activity, Textiles became subdued again and closed rarely altered. Dawson International shed 3 to 102p, while Sirdar reacted further on fading bid hopes by easing a penny for a fall on the week of 13 at 80p.

Further considerations given to Wednesday's trading statements left Imperial 3 lower at 82p and Rothmans 2 cheaper at 62p.

Active Australians Australians were the most actively traded stocks in generally subdued mining markets. But prices moved lower as the investment dollar premium declined.

FINANCIAL TIMES STOCK INDICES Table with columns for various indices and dates from July 12 to July 13.

HIGHS AND LOWS Table with columns for High, Low, and S.E. ACTIVITY.

Exploration issues, which have enjoyed firmness in recent days, tended to ease with Other Exploration 1 off at 41p, Austro-Hungarian Minerals 2 off at 11p and Mineral Metals 3 1/2 lower at 26p.

MIM reacted to lower copper prices with a fall of 6 to 174p, following a 10p rise in the continental, surrounded the gains made earlier in the week to close 50 down at 73p.

South African Golds also moved lower as the market drifted against the background of a lower bullion price. But business remained at a low ebb although some light end of account selling was seen.

U.S. investors held back from the market in front of President Carter's expected statement of energy policy.

The Gold Mines Index, reflecting the lower premium, was down 0.6 at 155 1/2, and the expansion index was off 2 1/2 at 146 1/2. Falls ranged to 1 1/2 in West Driefontein, at 22 1/2, and Hartbeest, at 14 1/2.

South African Financials were similarly affected. Prices were marked down on lack of interest, although some selling emerged of De Beers, 10 lower at 28p, Anglo-American slipped 5 to 32p, illustrating the general trend.

LONDON TRADED OPTIONS Table with columns for Option, Ex'rate, Closing price, Vol., etc.

RISES AND FALLS Table with columns for Yesterday, On the week, etc.

ACTIVE STOCKS ON THE WEEK Table with columns for Stock, Denomina-tion, Closing price, etc.

YESTERDAY Table with columns for Stock, Denomina-tion, Closing price, etc.

BASE LENDING RATES Table with columns for Bank, Rate, etc.

NEW HIGHS AND LOWS FOR 1979 Table with columns for Stock, High, Low, etc.

RECENT ISSUES Table with columns for Issue, Price, etc.

FIXED INTEREST STOCKS Table with columns for Issue, Price, etc.

"RIGHTS" OFFERS Table with columns for Issue, Price, etc.

Table with columns for Issue, Price, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Fri, July 13, 1979, etc.

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as 'Minster Fund Managers Ltd.', 'Prudential Portfolio Mgrs. Ltd.', 'Schlesinger Trust Mgrs. Ltd.', and 'Tower Unit Trust Mgrs. Ltd.' with their respective details and dates.

Table listing various unit trusts such as 'Guilford Management Co. Ltd.', 'Reference Unit Mgrs. Ltd.', 'Ridgfield Management Ltd.', and 'Royal Unit Trust Mgrs. Ltd.' with their respective details and dates.

Table listing various unit trusts such as 'Scottish Equitable Fund Mgrs. Ltd.', 'Seabury Unit Trust Managers Ltd.', 'Security Selection Mgrs. Ltd.', and 'TSB Unit Trusts (UK) Ltd.' with their respective details and dates.

Table listing various unit trusts such as 'Alexander Fund', 'Allen Harvey & Ross Inv. Mgt. (C.I.)', 'Arbutnot Securities (C.I.) Limited', and 'Bank of America International S.A.' with their respective details and dates.

OFFSHORE AND OVERSEAS FUNDS

Table listing various offshore and overseas funds such as 'Keyser Utman Ltd.', 'King & Shanon Mgt.', 'Lloyds Bank International Geneva', and 'Midland Bank Int'l. Geneva' with their respective details and dates.

INSURANCE AND PROPERTY BONDS

Table listing various insurance and property bonds such as 'Abbeys Life Assurance Co. Ltd.', 'Aberdeen Life Assurance Co. Ltd.', 'Aberdeen Property Assurance Co. Ltd.', and 'Aberdeen Ship Insurance Co. Ltd.' with their respective details and dates.

NOTES section at the bottom of the page containing additional information and disclaimers.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and various manufacturing firms.

INSURANCE—Continued

Table of insurance companies such as British Overseas Airways, Commercial Union Assurance, and others.

PROPERTY—Continued

Table of property-related stocks and trusts including various real estate investment trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British Overseas Airways, Commercial Union Assurance, and others.

FINANCE, LAND—Continued

Table of finance and land-related stocks including various banks and financial institutions.

Advertisement for Buchanan's Scotch Whisky, featuring the brand name and a bottle image.

MINES—Continued AUSTRALIAN

Table of Australian mining stocks including companies like Anglo American, Anglo Coal, and others.

TINS

Table of tin stocks including companies like Anglo American, Anglo Coal, and others.

COPPER

Table of copper stocks including companies like Anglo American, Anglo Coal, and others.

MISCELLANEOUS

Table of miscellaneous stocks including various international and specialty shares.

NOTES

Notes section containing various financial notices, company announcements, and market updates.

REGIONAL MARKETS

Table of regional market data for various countries and regions.

OPTIONS 3-month Call Rates

Table of 3-month call option rates for various stocks and indices.

INSURANCE

Table of insurance companies and their financial data.

PROPERTY

Table of property-related stocks and trusts.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks.

FINANCE

Table of finance-related stocks and financial institutions.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

CENTRAL AFRICAN

Table of Central African stocks.

Cruising means



MAN OF THE WEEK

Getting the act right

BY ARTHUR SANDLES

EIGHTEEN months ago the main speculation about Lord Delfont revolved around who would succeed him as head of EMI's film and theatre division. He was, after all, nearing 70 and eager young film men were showing every sign of being keen to jump into his seat.



Lord (Bernard) Delfont A horror of corporate bureaucracy

music activities has been set-up but, as Delfont carefully points out, not consummated. With EMI still bleeding badly Delfont needs the cash desperately until longer-term measures take effect.

In the Delfont strategy the main plank seems to be a determination to do as little selling as possible. He clearly sees the Paramount deal as a utilisation of assets rather than a sale.

He's almost as shocked by the suggestion that the group's hotels might go to the market—one of them, the Tower, piquantly enough acquired from other selling giant, Lyons, when it needed cash badly.

Clearly the one thing that EMI-watchers will be keeping an eye on over the next few months is any sign of favouritism towards the leisure activities of the group at the expense of its industrial, defence and medical activities.

This weekend Delfont will be at home on the Sussex coast. He has no hobbies, unless you call watching sport on television a hobby, and will probably prove fretful company until he can get back to his desk. Whatever the trappings of show business there is nothing particularly flashy about the private life-style of any of the Grades. The one Delfont luxury is a small Riviera flat which is the family retreat.

And when it's all over, with EMI saved or gold ("of course, we'd consider a bid if the price was right")? Will Delfont retreat to his hobby of life in the South of France? Apparently not. His determination to get back into full-time London theatre management remains. Even now, in Blackpool, there is an illuminated sign declaring that "Bernard Delfont presents..." a local variety show. Friends have been suggesting that Delfont, now 70, a Life Peer and chief executive of a major, if troubled, public company, should have it removed. "They tell me it is not dignified." But the sign will stay. "That, really, is where my heart is."

FINANCIAL TIMES

Saturday July 14 1979



Shotton steel closure brings Labour protest

BY NICK GARNETT AND IVOR OWEN

ANGER OVER the decision to close the Shotton steelworks in North Wales with the loss of 6,000 jobs erupted in the Commons yesterday with demands for the resignation of Sir Charles Villiers, British Steel Corporation chairman.

Accusations from the Opposition backbenches that he had reneged on a pledge that steel-making would continue at Shotton until at least 1982 were endorsed by Mr. John Silkin, the Shadow Industry Minister. Mr. Michael Foot, Deputy Leader of the Opposition, pressed for a full-scale debate on the future of the steel industry before Parliament adjourns for the summer recess at the end of the month.

Sir Keith Joseph, Industry Secretary, who insisted that decisions on the future of individual plants were a matter for the corporation, said conditions were very different to those in 1977 when the pledge was given.

The facts of economic life have to be recognised. If an industry is modernised, it is necessary to compensate for the

new investment by taking out some of the old investment," Sir Keith said amid cheers from Tory backbenches. "If BSC does not become competitive, many more jobs will be at risk."

A number of union meetings were held at Shotton yesterday to prepare further resistance to the closure, and talks with local authority officials are being arranged. Mr. Monty Hughes, Shotton action committee chairman, said the corporation's decision would not be accepted.

The decision was also bitterly attacked by Mr. Mervyn Phillips, chief executive of Clwyd County Council. "In view of the broken undertaking, the local community can have little confidence in the commitment to maintain the finishing plant at Shotton," he said.

British Steel and the industry's unions are arranging a meeting, almost certainly next week, at Corby, Northants, where the corporation intends ending iron and steel-making with a loss of a further 6,000 jobs.

The meeting will be attended by Mr. Bob Scholey, chief executive and deputy chairman of British Steel, members of the TUC steel industry committee, and local management and union officials.

The decision was also bitterly attacked by Mr. Mervyn Phillips, chief executive of Clwyd County Council. "In view of the broken undertaking, the local community can have little confidence in the commitment to maintain the finishing plant at Shotton," he said.

The unions point, among other things, to a research document prepared by staff at the University of Warwick. This claims that British Steel has greatly exaggerated the financial saving it would make by shutting iron and steel-making at Corby.

Garnett Valley to create 800 jobs, Page 3.

Tax men search home of Tory MP

BY DAVID FREUD

THE HOME of Mr. Tom Beynon, the new Conservative MP for Abingdon, was searched yesterday by Inland Revenue officials under warrants taken out because of suspected tax fraud.

Several other premises were visited, including the Mayfair offices of the Roesminister Group, of which Mr. Beynon was co-founder and director.

The Roesminister Group achieved publicity over recent years by marketing a series of successful tax avoidance schemes. Last year the Government legislated against one of them, operated jointly by the group and tax adviser Mr. Roy Tucker—with retrospective effect.

The visits were carried out to collect evidence under warrants obtained from a High Court judge under Section 20C of the Taxes Management Act, 1970.

Suspicion

This lays down that a warrant can be obtained if a judge is satisfied that "there is reasonable ground for suspecting that an offence involving any form of fraud in connection with, or related to, tax has been committed, and that evidence of it is to be found on premises specified in the information."

The visits were conducted by about 70 Revenue officials, accompanied by 28 detectives of Scotland Yard's commercial branch. A large number of documents were removed.

Mr. Beynon was elected to the late Mr. Airey Neave's seat at the general election. He lives at Adstock, Buckinghamshire.

Indian Government may fall after key Minister resigns

BY K. K. SHARMA IN NEW DELHI

MR. MORARJI DESAI'S tottering Indian Government received another blow yesterday when one of its senior colleagues, Mr. H. N. Bahuguna, Petroleum and Chemicals Minister, resigned from the Cabinet, and two junior Ministers followed suit.

This could lead to the fall of the Government, since Mr. Desai will have to depend on support of non-Janata Party groups in Parliament to defeat the Congress-sponsored motion of no confidence which will be voted on either on Monday or Tuesday.

Mr. Bahuguna was a key figure in the defeat of Mrs. Indira Gandhi in 1977, when he persuaded Mr. Jagjivan Ram, now Deputy Prime Minister and defence Minister, to quit her Government a few weeks before the General Election.

The confidence vote was to be on Monday, but Parliament adjourned in uproar yesterday over the acute water problems in Delhi, where the supply has been cut for the past two days because of sabotage by striking workers.

This has aggravated the political situation, since the Government is being accused of inaction and poor performance generally.

The significance of Mr. Bahuguna's resignation is twofold. He is the first minister not belonging to the Bharyatiya Lok Dal faction of Mr. Charan Singh, Deputy Prime Minister and Finance Minister, to quit the Cabinet.

Secondly, Mr. Bahuguna announced that the reason for his resignation was the sectarian character of some members of the party. Although he did not name them, he made plain that he was referring to the Jana Sangh faction, most members of which are loyal to the Rashtriya Swayamsevak Singh (RSS).

The RSS is widely believed to have been responsible for the increasing number of clashes between Hindus and Muslims in the past two years. This is the central issue that has brought the simmering crisis in the Janata Party explosively into the open. Since

quitting the Janata on this issue and forming his own party, Mr. Raj Narain, former Health Minister, forced over 50 defections from the ruling party benches to reduce Mr. Desai's Government to a minority one.

Because of the deep crisis in the Janata Party, Mrs. Gandhi's position is considerably strengthened. Among those expected to resign is Mr. Charan Singh himself. He has not been in his office for the past three days

naval logistics support ships, out of four originally on order, and the completion of a tank maintenance workshop at Durud to service the Iranian Army's 950 Chieftain tanks.

Nonetheless, British arms deals with Iran are unlikely to return to the level prevailing under the Shah, while some other countries which had big arms contracts, such as the U.S., will probably get nothing restored.

The value of the arms deals that may be revived is uncertain, but it is accepted that it will be only a fraction of the £1bn or more which the deals in progress at the time of the revolution last February were worth.

Some BRITISH defence contracts with Iran which were either cancelled or frozen after the revolution earlier this year may be revived.

This has emerged as a result of recent Ministry of Defence talks with Iranian Government representatives in both London and Tehran. The talks have yielded encouraging indications that Iran may revise its attitude to some foreign military deals, especially those involving such items as small arms, ammunition, spare parts for military vehicles and perhaps even support ships for Gulf operations.

Among items which have figured in the talks are two

countries. The U.S. group, which has production facilities in 10 U.S. and three overseas centres, manufactures mobile cranes in Dortmund for Europe. Its German works employs 700 people.

While no major problems appear likely from the West German Federal Cartel Office in Berlin, the office blocked Mannesmann's planned takeover of Brueninghaus Hydraulic, the piston pump and motor manufacturer, on the grounds that its Rexroth subsidiary was already highly active in the area. The decision was upheld by the Berlin Supreme Court in May.

Paccar, meanwhile, says it is pressing ahead with its legal efforts to have the injunction lifted and that it has no plans yet to amend its offer.

Iran may revive some UK defence contracts

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

Some BRITISH defence contracts with Iran which were either cancelled or frozen after the revolution earlier this year may be revived.

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Anlinger resigns top ITT post

BY JOHN WYLES IN NEW YORK

Dr. Gerhard Anlinger, president of ITT Europe, has resigned. He has been succeeded by Mr. John Guilfoyle, ITT vice-president in charge of African and Middle East operations.

On Wednesday Mr. Rand V. Araszkow, appointed ITT chief executive following the resignation of Mr. Lyman Hamilton Jr.

Weather

UK TODAY WARM with sunny periods. Outbreaks of rain in the north and south-east. London, S.E., E., Cent. S., N.E., Cent. N., England, E. Anglia, Midlands. Showers at first with sunny periods later. Max. 20C (68F). C. Islands, S.W., N.W. England, Wales, Lake District, I. of Man, Borders, S. and E. Scotland, Cent. Highlands. Dry with sunny intervals. Max. 18C (64F). Rest of Scotland, N. Ireland. Cloudy, with rain in the west later. Max. 15C (61F). Outlook: Warm with sunny intervals and some rain in the north.

Table with columns for location, day, and temperature. Includes cities like Alicante, Algiers, Amsterdam, Athens, Bahrain, Barcelona, Beirut, Berlin, Birm., Bombay, Brno, Buch., Cagliari, Casablanca, Cape Town, Chicago, Cologne, Constan., Dublin, Edinburgh, Frankfurt, Geneva, Gibraltar, Glasgow, Harbin, Helsinki, Hong Kong, Inverness, Istanbul, Jerusalem, Johannesburg, London, Lyons, Madrid, Manila, Mexico City, Milan, Moscow, Mumbai, New York, Ottawa, Paris, Perth, Rome, Seoul, Singapore, Stockholm, Strasbourg, Sydney, Taipei, Tel Aviv, Toronto, Tokyo, Valencia, Warsaw, Zurich, etc.

W. German steel group offers \$245m for U.S. cranes maker

BY JOHN WYLES IN NEW YORK AND GUY HAWTIN IN FRANKFURT

MANNESMANN, THE West German steel and engineering group, has made a \$245m (£110m) agreed bid for Harnischfeger Corporation, the U.S. cranes and mining equipment manufacturer.

Harnischfeger is already the subject of a bid approach from an American company, Paccar, which makes railway wagons and heavy duty trucks. But the Paccar offer of \$20 a share, which is at the moment blocked by a Federal court injunction secured on anti-trust grounds has been significantly bettered by the German group, which is offering \$27.50.

Mannesmann's bid was given the Harnischfeger Board's blessing.

Rhodesia

Continued from Page 1 officials described the meetings as "extremely friendly."

Mr. David Mukome, who handles foreign affairs in the Bishop's administration—and who like the Bishop has a white aide travelling with him—said the two sides' positions had been "pretty close."

Asked about the future role of Mr. Ian Smith he described this issue as "cosmetic." He said: "One could remove Ian Smith as an individual but could have a new Ian Smith with equal or worse beliefs." He implied that this question had not been raised though he described Britain as having constitutional authority in Rhodesia and being the final court of appeal.

Building societies

Continued from Page 1

relationship with new Ministers, will cost them money. By increasing the investors' rate almost immediately, without making any offsetting adjustment to the cost of home loans, the societies can expect to use up between £30m and £40m of surplus funds. Some of the cost will have been met by the anticipated fall in the societies' composite rate tax bill, which they bear on the interest paid to investors and which is now being calculated by the Inland Revenue.

It was at one stage, expected that the lower composite rate "bonus" would have been passed directly on to the investors, although in the end it seems to have been used to

churn borrowers. There will be doubts as to whether the new investors' rate will be high enough to boost the inflow of funds significantly, but it was clearly agreed that no more could be afforded if mortgage rates were to be held back.

Figures released yesterday showed that the societies took net receipts last month of only £125m against £309 in the previous month. June was badly hit by pre-Budget and pre-VAT spending but societies were not, before yesterday's decision, expecting monthly receipts to rise much above £300m.

Last month they advanced £752 to homebuyers and promised another £772m to mortgage applicants.

THE LEX COLUMN

The windfall at 'Mon Repos'

For the stock market, a dismal end to a dismal week. The retail price index was the

appointing and, with index figures not exactly sagging, buyers were not exactly eager. The authorities chose to ignore the market's mood, however, and brought out a new gilt-edged stock, a low-coupon short to help refinance the three similar stocks that mature later this year.

Mortgage rate

As usual, owner occupancy with building society loans are getting off lightly, after enjoying an amazingly favourable deal over the past year. In this period they have paid an average 7.3 per cent for their mortgage, assuming they are eligible for tax relief at the standard rate. The money has been invested in a property which has on average risen in value by 31 per cent (and more like 40 per cent in London).

Compared with the 5m fortunate house owners, however, the 15m building society investors have come off much less well. The retail price index showed an inflation rate of 11.4 per cent in the year to June. So allowing for the 7.5 per cent of interest credited to their accounts they have suffered a significant drop in purchasing power.

Nor do their prospects look much better for the year ahead. Under pressure from the Government, the societies have limited the rise in the mortgage rate, and are raising the investment rate only to 8.75 per cent—which grosses up to 12.1 per cent, below the competitive three-month local authority rate. The societies are gambling that interest rates generally will soon start to ease. But year-on-year inflation is set to climb past 15 per cent next month, boosted by the Budget tax measures, and is still likely to be well into double figures next June.

Meanwhile house owners on current plans will pay an

Index fell 3.2 to 466.6

average 8.4 per cent net on their mortgages over the next 12 months. House prices are unlikely to rise anything like as fast as they have recently, and these are paper gains which it is hard to realise in cash (though they are tax free). But it is time less was heard about the hardships of home owners, and more thought was given to devising ways in which building society investors could participate in profits on houses in which they could be given a better real rate.

Town and City

Town and City could do with some of the cheap finance available to home buyers. The group's lengthy lines of floating rate bank credits are once again proving expensive in the current market. The bank has produced the same level of loss, some £8.5m, over the period last time. The level of debt continues to fall, however, thanks to property sales and the group is still making progress towards financial health.

In the current year interest rates have risen to even higher levels, which cannot help the crucial question in what has happened to the property market. Most commercial property values have been buoyant recently, so there are good reasons for being optimistic. Yet the annual report has nothing new to say on the subject and the valuations are mostly so old as to make the balance sheet redundant so far as its indications of shareholders' assets are concerned.

But there is a silver lining. Since the year-end T and C has sold property with a book value of £7m for £20m. This promises to reverse the steady erosion of net worth and raises hopes that the end of the tunnel is not too far away. At 18p the market capitalisation of £46m.

Extra Income

Schlesinger Extra Income Trust 9.1% per annum

Following the drastic reductions in direct personal taxation in the Budget, there is now a major incentive for many more people to save and invest for income. Whilst stockmarket prospects will be affected by the current problems of oil shortages and inflation in the short term, Schlesiingers believe that this may well result in a most attractive buying opportunity for investors taking a medium to long-term view. Schlesiingers now particularly favour high-yielding ordinary shares which should also attract new investor support.

All equities

Such ordinary shares or "equities" comprise the entire portfolio of Schlesiinger Extra Income Trust. It is a diversified portfolio of over 100 carefully selected holdings, many of which are smaller companies. Whilst a still higher yield could be obtained by investing in fixed interest stocks, such investments cannot increase their income and have less potential for capital growth. Since launch the offer price of the units has risen 28% and the F.T. Industrial Ordinary Index 6%.

Quarterly income growth

Because it is invested entirely in equities the Extra Income Trust also provides the potential for income growth. Indeed, since the launch of the Trust in May 1977, there have been eight quarterly payments, each one higher than the previous one.

Short-term problems often provide long-term buying opportunities

Schlesiingers Monthly Income Portfolio is also available and provides equal investment in their high-yielding trusts—Extra Income, Income and Preference & Gilt. It currently offers a yield of over 9% gross per annum with interest being paid on the 1st of every month.

The current estimated gross yield on the offer price of 32.1p is 9.1%. Payments are made on March 1st, June 1st, September 1st and December 1st, starting September 1979 for new investors. Any investment should be regarded as long term.



Remember that the price of units and the income from them may go down as well as up.

Form with fields for name, address, telephone, and checkboxes for investment options. Includes contact information for Schlesiinger Trust Managers Ltd.

Schlesinger Extra Income Trust. Schlesiingers manage over £200,000,000 of private, institutional, and pension funds.

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